ROHAS
TECNIC

Rohas Tecnic Berhad
15th Floor, Rohas PureCircle
East Wing, 9 Jalan P Ramlee
50250, Kuala Lumpur Malaysia
Tel: +603 2163 3900   Fax: +603 2164 9800

www.rohastecnic.com

ANNUAL REPORT 2017

ROHAS TECNIC BERHAD

ANNUAL REPORT 2017

ROHAS
TECNIC

THE COVER

The visual concept of the design is reflective of the current norms and trends that invoke modernistic approaches towards realizing a creative solution, and in this instance, devising what's already inherent in the logo and its construct that makes up the brand - ROHAS TECNIC BERHAD.

The cover design derives its inspiration from the logo, which in essence, is representative of an artful and metaphoric analogy suggestive of electrical pylon grids set in perspective.

Today, ROHAS' major involvement is indeed multifarious but integrated, though its mainstay thrust lies in design commissions and installations of massive electrical transmission grids that pervade the length and breadth of Malaysia.

Copper tint in the design is employed to connote 'conductivity' which also implies its connectivity edge that underlies its peripheral business philosophy.

CONTENTS

WHO WE ARE

Rohas Tecnic Berhad, formerly Tecnic Group Berhad, is a Malaysia-based investment holding company. In March 8, 2017, Rohas Tecnic Berhad acquired REI Group, consisting of Rohas-Euco Industries Berhad, its subsidiaries and associated companies. REI Group's core business is the fabrication of steel lattice towers and monopoles for power transmission and telecommunications, supported by its in-house design and installation capabilities.

REI Group also undertakes the fabrication of electrical substation structures, such as steel gantry and equipment support structures; Engineering, Procurement, Construction and Commissioning (EPCC) services of power transmission lines and substations; the EPCC of Mechanical and Electrical (M&E) works for water utility plants, and is a developer of renewable energy assets, among others.

In October 2017, Rohas Tecnic Berhad acquired HGPT Group, consisting of HG Power Transmission Sdn Bhd and its subsidiaries. HGPT is a leading Malaysia-based power transmission EPCC with a long and proven track record in providing turnkey solutions for high voltage transmission lines and substations within Malaysia and the region.

Photography by : Matthew-Henry on Unsplash

NOTICE IS HEREBY GIVEN that the Twenty-Fourth (24th) Annual General Meeting of the Rohas Tecnic Berhad will be held at Ixora Room, Level 10, Double Tree by Hilton Hotel Kuala Lumpur, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 8 May 2018 at 10.00am for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note 1)

2. To approve the payment of a final single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2017. (Ordinary Resolution 1)

3. To re-elect the following Directors, each of whom retires in accordance with Articles 104 of the Company's Articles of Association and being eligible, offers herself/himself for re-election :-

Wan Azmi bin Wan Hamzah, Tan Sri	(Ordinary Resolution 2)
Sia Bun Chun	(Ordinary Resolution 3)
Wong Mun Keong	(Ordinary Resolution 4)
Leong Wai Yuan	(Ordinary Resolution 5)
Mohamed Tarmizi bin Ismail	(Ordinary Resolution 6)
Chee Suan Lye	(Ordinary Resolution 7)
Dr. Ir. Jeyanthi Ramasamy	(Ordinary Resolution 8)
Shahrulanuar bin Ishak	(Ordinary Resolution 9)

4. To approve the Directors' fees and benefits of RM186,000.00 for Rohas Tecnic Berhad in respect of the financial year ended 31 December 2017. (Ordinary Resolution 10)

5. To approve payment of Directors' fees and benefits for Rohas Tecnic Berhad from 1 January 2018 until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 11)

6. To re-appoint Messrs Grant Thornton Malaysia as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration (Ordinary Resolution 12)

To consider and if thought fit, to pass the following Resolution as Ordinary Resolution:- (Ordinary Resolution 13)

7. ORDINARY RESOLUTION AUTHORITY TO ISSUE SHARES

"THAT, subject always to the Companies Act 2016, the Company's Constitution and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issue shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

BY ORDER OF THE BOARD

LAANG JHE HOW (MIA 25193)
TAN KAH KOON (MAICSA 7066666)
Company Secretaries

4 April 2018

Notes:

(1) In respect of deposited securities, only members whose names appear in the Record of Depositors on 30th April 2018 shall be eligible to attend and vote at this AGM or appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.

(2) A member who is an authorised nominee may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A member who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(3) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.

(4) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.

(5) To be valid, this Form of Proxy must be completed, signed and deposited at the registered office of the Company at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not later than forty-eight (48) hours before the time set for the AGM or adjourned meeting.

Explanatory notes on Ordinary Businesses:-

Item 1 - Audited Financial Statements

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

Ordinary Resolution 10 – Directors Fees and Benefits 2017

The payment of the Directors' fees and benefits for financial year ended 31 December 2017, the details of which are set out in Statement of Corporate Governance on page 40 of the Annual Report.

Ordinary Resolution 11 – Directors Fees and Benefits 2018

The Directors' fees and benefits proposed for the period from 1 January 2018 up to 31 December 2018 are calculated based on the current Board size and number of scheduled Board and Committee meetings for 2018. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient, e.g. due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

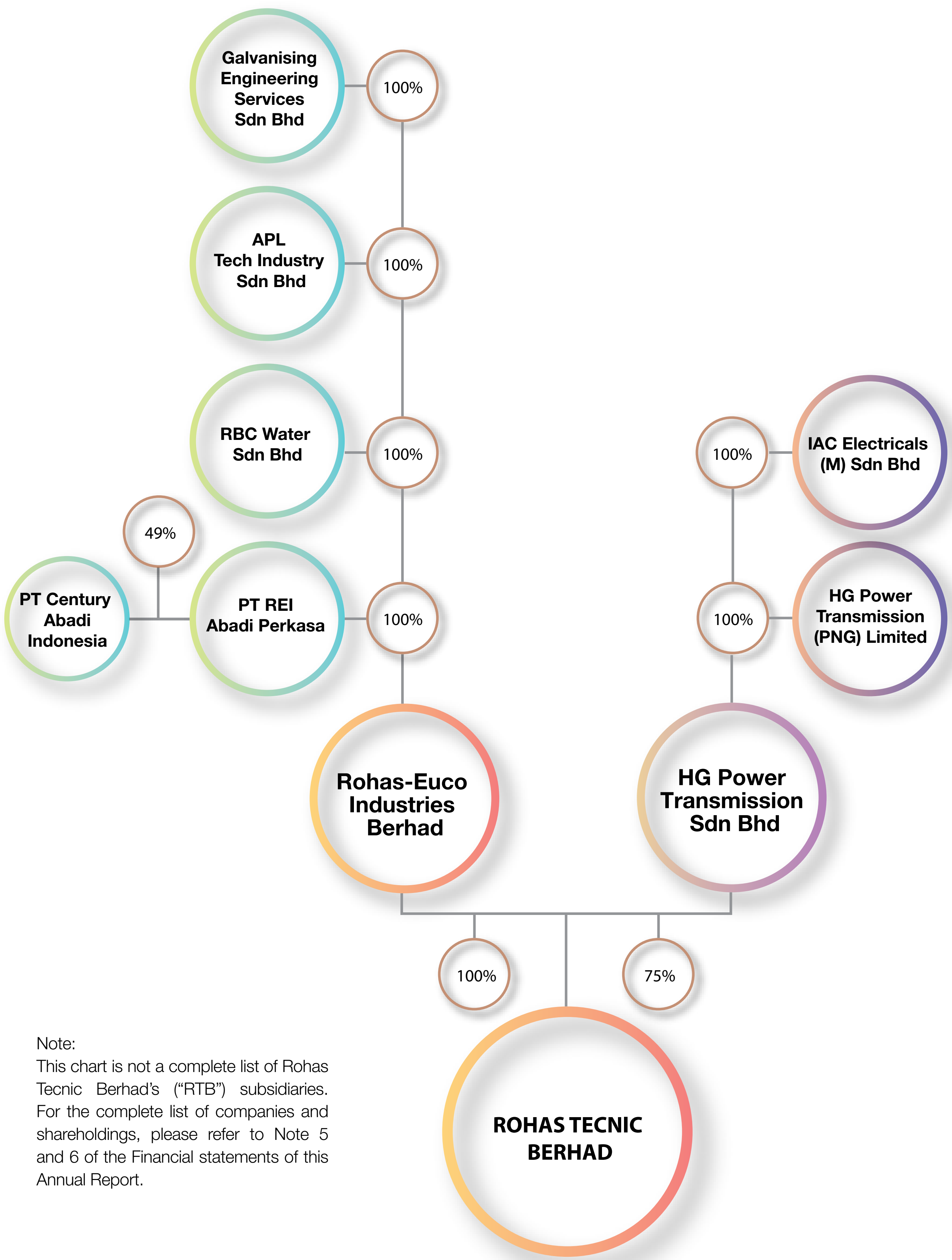
Ordinary Resolution 13 – Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

This resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting ("AGM"), authority to allot shares in the Company up to and not exceeding in total ten per cent (10%) of the total number of issued shares of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

This mandate is a renewal of the last mandate granted to the Directors at the Twenty-Third (23rd) Annual General Meeting held on 7 March 2017 and which will lapse at the conclusion of the Twenty-Fourth (24th) Annual General Meeting.
As at the date of this notice, no new shares in the Company were issued pursuant to the last mandate.

The general mandate from shareholders is to provide the Company the flexibility to undertake any share issuance during the financial year without having to convene a general meeting. The rationale for this proposed mandate is to allow for possible share issue and/or fund raising exercises including placement of shares for the purpose of funding current and/or future investment project, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on urgent basis and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

CORPORATE STRUCTURE



Note:
This chart is not a complete list of Rohas Tecnic Berhad's ("RTB") subsidiaries. For the complete list of companies and shareholdings, please refer to Note 5 and 6 of the Financial statements of this Annual Report.

CORPORATE INFORMATION

Board of Directors
Wan Azmi bin Wan Hamzah, Tan Sri
Sia Bun Chun
Chee Suan Lye
Mohamed Tarmizi bin Ismail
Amirul Azhar bin Baharom
Dr. Ir. Jeyanthi Ramasamy
Leong Wai Yuan
Wong Mun Keong
Shahrulanuar bin Ishak
Teo Chee Kok (resigned on 31 March 2017)
Tan Sri Hussin Bin Haji Ismail (resigned on 16 August 2017)
Dato' Gan Kim Huat (resigned on 8 March 2017)
Gan Poh San (resigned on 8 March 2017)
Gan Chia Siang (resigned on 8 March 2017)
Ng Wan Cher @ Ng Guan Cher (resigned on 8 March 2017)
Tan Jing Pho (resigned on 8 March 2017)

Audit and Risk Committee
Chee Suan Lye
Mohamed Tarmizi bin Ismail
Amirul Azhar bin Baharom

Remunerations Committee
Wan Azmi bin Wan Hamzah, Tan Sri
Mohamed Tarmizi bin Ismail
Dr. Ir. Jeyanthi Ramasamy

Nominations Committee
Mohamed Tarmizi bin Ismail
Chee Suan Lye

Company Secretaries
Tan Kah Koon (MAICSA 7066666)
Laang Jhe How (MIA 25193)

Registered Office
149-A, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia
Tel : 603- 7729 1519
Fax : 603- 7728 5948
Email : edzonems@gmail.com

Head Office
15th Floor, East Wing, Rohas PureCircle
No. 9, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia
Tel : 603- 2163 3900
Fax : 603-2164 9800
Email : rtb@rohastecnic.com
Website : www.rohastecnic.com

Share Registrars
Insurban Corporate Services Sdn. Bhd.
149, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia
Tel : 603- 7729 5529
Fax : 603- 7728 5948
Email : insurban@gmail.com

Stock Exchange Listing
Bursa Malaysia Securities Berhad
Main Market
Stock Code: 9741

Auditors
Grant Thornton Malaysia
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : 603- 2692 4022

Solicitors
Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II,
15 Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya,Selangor, Malaysia
Tel : 603-7956 8686
Fax : 603- 7956 2208

Principal Bankers
Maybank Islamic Berhad
AmBank (M) Berhad
Standard Chartered Saadiq Berhad
United Overseas Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad

Investment Banking Advisors
Maybank Investment Bank Berhad
RHB Investment Bank Berhad

MISSION

We shall maintain our leadership in tower construction and deepen our involvement in EPCC opportunities in the region

MOTTO

We shall do better because we can

5 YEARS FINANCIAL HIGHLIGHTS

	REI Group [1]				RTB Group
Financial year ended	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Operating results					
Revenue	189,996	120,564	155,233	189,123	310,879
Operating profit	30,177	30,610	32,334	36,423	46,847
EBITDA	33,390	34,181	35,901	39,822	50,657
Profit after tax	28,210	23,610	25,029	25,353	[2] 4,571
Profit after tax and minority interest	18,209	20,057	22,865	25,353	[2] 3,059
Key statement of financial position data					
Cash and cash equivalent	63,780	50,492	24,090	44,794	104,685
Total assets	263,962	244,192	270,306	288,220	697,271
Borrowings	46,436	30,083	40,904	38,706	125,838
Total liabilities	102,634	71,097	94,624	94,692	353,744
Shareholders' fund	161,328	173,095	175,682	193,528	343,528
Earnings per share (sen)	41.26	34.53	36.60	37.08	[3] 0.65
Net assets per share (RM)	2.36	2.53	2.57	2.83	[3] 0.73
Debt to equity (times)	0.29	0.17	0.23	0.20	0.37

Note:

1. The audited numbers of Rohas-Euco Industries Bhd and its subsidiaries ("REI Group") as at the respective year end has been presented as the comparative following the Regularisation Plan of the Company as explained in Note 2.1 to the Financial Statements of this Annual Report.
2. RTB Group had to charge a one-off Regularisation Plan expense of RM4.0 million and share-based payment expense of RM21.4 million.
3. The Earnings per share and Net asset per share are computed based on 472,657,651 weighted average number of ordinary shares in issue.

(The questions posed are designed to draw out in response to the philosophy, business policy and ambition of the Company).

Wan Azmi Wan Hamzah, Tan Sri
Chairman

Q *Shall we begin with background to the creation of Rohas Tecnic Berhad - the Reverse Takeover of Rohas-Euco Industries (REI), which itself was on the Bursa until you and George Sia privatized it. Could you tell us why was REI delisted and privatized?*

A The business of REI was indeed listed on the Bursa until 2008. Compliance and governance costs and market under-appreciation of the value of the business provoked George Sia and I to question the wisdom of a listing. Away from the public domain, REI enjoyed a blissful existence as a very private entity, managing the business for cash-flow and bottom line growth, and focused on dividend payment as the measure of success.

Q *And why the more recent change of mind to seek re-listing through the RTO?*

A About 5 years ago, both of us woke up to the fact that we were not getting younger and the need to plan for leadership renewal and management succession would become urgent at some point. It did not take us long to realize that a private company controlled by two very private families is not necessarily an obvious career choice for the talented people we sought to recruit. On the promise that we will not remain private forever, some very good people were persuaded to join. The re-listing is keeping to that promise.

Q *The two families completed the formalities of a GO as part of the RTO. In similar situations, many would have chosen the route of seeking an exemption. Why not in this case?*

A Our corporate advisors did advise us the avenue of exemption was there, one that would avoid the expense of both time and money. We rejected the soft option. The RTO posed serious implications for shareholders on the share register prior to our entry - a new business they do not understand and new dominant shareholders they did not know. The least we could do is offer shareholders the choice to positively decide to stay or take the cash and go. We were touched when acceptance under the GO was less than 1%. We took that to mean the shareholders were comfortable with the change and accepted that business direction, policy, culture and style may not stay the same under the care of the new incoming shareholders.

We were happy to adhere to the word and spirit of the Takeover Code. The part we were less happy about was the unnecessarily complicated process of making that GO - resulting in too much fees paid to investment bank advisors, lawyers and accountants. The authorities could and should make the formality of compliance easier and cheaper.

Q *You left the corporate scene in 2001. What has a return to corporate life after these long years been like for you?*

A It has been a jarring re-entry from my point of view. I was astounded by the changes that have taken place since I last chaired a Plc. Listing rules have changed, regulations have moved on, corporate governance principles and processes have evolved significantly from when I was last around. A new Company's Act too came into force in 2017. Much of the change has been for the better, although some have left me to wonder. The regulatory and law re-writes on directors fiduciary responsibilities, for example, while necessary, may in fact diminish 'caveat emptor' as the ultimate protection of investors and the share-holding public. More perplexing for me is the proliferation of new accounting standards some of which seem to raise confusion rather than clarity. I speak as a bewildered qualified accountant of more than 40 years standing.

Q *How do you see RTB grow and develop from here?*

A The enterprise we reversed into RTB is a steel fabrications company. This is an old-fashioned smokestack-type industrial business - not particularly sexy, not cutting-edge high technology, stodgy and dull but thankfully reliable. As my business partner George used to say, "it keeps paying for the kids' school fees!"

We shall continue to grow this. Our first acquisition, HGPT, puts us deeper into the power transmission business, allowing us to not only manufacture the steel towers, but to participate in installation, cabling and maintaining power grids. This was an area we refrained from involvement, largely to avoid competing with our best customers. The acquisition will not drastically change that policy on the domestic front, but we expect to actively participate in EPCC power transmission tenders regionally. We also have in our track record some serious projects in water supply and waste water treatment. We think we can leverage on those successes if we focus our attention and deepen our capabilities with additional talents. In the 1990s, we contributed significantly in the rollout of cellular telephony by suppling micro-wave towers in Malaysia, the Philippines and Sri Lanka. We like to be more active again in the telecommunication sector, particularly in the implementation of the next generation services.

Q *That should keep your Board and Management quite busy! Longer term, what is your vision for RTB?*

A The Company invested in some smart younger people to drive the business. In this age of disruption and intensive change, vision-making and path-finding are no longer the preserve of a gerontocracy. It is the role for the young - well-informed, appropriately educated and in touch. Theirs is the privilege and responsibility for painting the new vision.

Q *Going forward, what do you see as the major external drivers to open opportunities for RTB Group?*

A It is difficult not to be impressed by the promise of infrastructure spending in the developing world over the next decade or so. We hope to tap into those opportunities by leveraging on our experience in Malaysia and our ability to be competitive. In the past, we have dabbled on the margins of infrastructural development in power transmission, cellular telecommunications network and the water sector. We have a good pool of talent in the Company, relatively young and very enthusiastic. Maximizing the opportunities against our resources will be the challenge for the new CEO Leong Wai Yuan and his team.

Q *Where do you see the risks, threats and challenges?*

A It is impossible not to hear the shrill threats of a global trade war, the beat of war drums, the call for protectionism and the push-back against free trade. All of these can be detrimental to future business prospects, including ours. The world seems a more dangerous place.

Q *It is fashionable now to talk of diversity at Board level. In constituting a new Board for the Company, was this an important consideration?*

A RTB embraces diversity as a conviction and as an objective. We believe it provides the broadest reach and deepest foundation in the pursuit of our business objectives. We seek a balanced gender, ethnic and age representation in our boardroom. However, diversity is not about mere statistical optics; quality standards must never be sacrificed. As a general observation of the Malaysian boardroom, Independent and Non-executive directors are inclined to confine their inputs to broad governance matters and leave deep business issues to Executive members. We appoint Independents with the requisite professional skills and experience to confidently engage our working directors and challenge them on matters of business strategy and tactics. We are also committed to empower Management through the inclusion of the key senior executives in the Board. I believe the approach will result in an effective Board.

Q *Dividend policy?*

A When the core business was run as a private entity, dividend payment was almost a standard agenda item of our quarterly board meetings. Therefore, it should be fair to assume that the cultural mind-set is inclined to distribute profits rather than hoard cash. At the same time, RTB will have a few ambitions to chase in terms of growth within the existing activities as well as extensions beyond current footprints. While we have not quite formalized a dividend policy, I suspect that the Company may, in future years, distribute at least half of available profits. Investments and new ventures of a major nature will be financed by reference to shareholders, who will have their say whether they like and support the Company's proposals and pony up the cash. I believe that is the fairest way to treat shareholders.

Q *Your thoughts on the human resource challenge?*

A The challenge is to continue to build on the strength that we have through recruitment of fresh talents and up-grading skills through training and development of those already with us. The company intends to address as a priority the longer-term issue of talent and skills retention through incentives including staff participation in the ownership of the Company.

Q *Any CSR initiative?*

A We are a new company. There are things that we feel passionately about but we shall not be rushed. Management has been asked to formulate a CSR plan and I am confident they will come up with one that is meaningful, focused, impactful and sustainable. InsyaAllah.

Azmi Wan Hamzah

RTB has supported national growth initiatives, creating a better nation by bringing power and connectivity to all corners of the country. In supporting the industrial needs of a country focused on developing itself, RTB's commitment to quality and innovation has enabled it to achieve many firsts in the transmission tower business. RTB's manufacturing capabilities, honed and matured over 50 years of experience through continued work, allows it to provide lattice towers and monopoles to any specifications required.

Wan Azmi Wan Hamzah, Tan Sri

Non-Independent Non-Executive Chairman

Nationality	Age	Gender	•	Malaysian	68	Male

Date of Appointment • 8 March 2017

Tan Sri Wan Azmi qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales in 1974 and became a member of Malaysian Institute of Certified Public Accountant since 1975. In 1994, he was conferred an Honorary Doctorate in Business Administration from the Robert Gordon University, United Kingdom and an Honorary Fellowship by Aberdeen University, United Kingdom.

He started his career in 1970 as an Articled Clerk in Stoy, Hayward & Co, an audit firm in the United Kingdom. In 1975 he then joined Guthrie Corporation Ltd, United Kingdom as a Financial Accountant and returned to Malaysia in 1976. Roles he has held after returning are Assistant Management Accountant with Kumpulan Guthrie Sdn Bhd, Financial Controller with The New Straits Times Press (Malaysia) Berhad, Chief Executive Officer in Peremba Berhad, Managing Director of United Estates Projects Berhad and Chief Executive Officer of Malayan Banking Berhad. In 1987, he decided to focus on managing his family investment company.

From 1990 to 2002, Tan Sri Wan Azmi had also held directorships in various public companies listed on Bursa Securities. He was a Non-Independent Non-Executive Director in R.J. Reynolds Berhad (now known as JT International Berhad) from 1990 to 1996, Land & General Berhad from 1990 to 2002, Bell & Order Berhad (now known as Scomi Engineering Berhad) from 1994 to 2001 and Amway (Malaysia) Holdings Berhad from 1996 to 2002. He was also the Chairman of each of the aforementioned companies during his tenure as a Non Independent Non-Executive Director of these companies.

BOARD COMMITTEE MEMBERSHIPS:

- Chairman, Board Remunerations Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Director, Syarikat Pengeluar Air Selangor Holdings Berhad

George Sia

Non-Independent Non-Executive Deputy Chairman

Nationality	Age	Gender	•	Singaporean	70	Male

Date of Appointment • 8 March 2017

Sia Bun Chun ("George Sia"), was the Managing Director of RTB Group up to date of his retirement on 31 December 2017, when he was then appointed as the Deputy Chairman of RTB.

George Sia completed his Matriculation program in St Stephen's College, New Zealand prior to the commencement of his career in 1967 as a Technical Trainee in New Zealand Broadcasting Corporation. In 1969, he joined Power Construction Pte Ltd, as a Test Engineer and Assistant Design Engineer and was subsequently promoted to Chief Test Engineer and Design Engineer. He also undertook part-time studies program in engineering at the Wellington Polytechnic, New Zealand. In 1974 , he went to Indonesia where he joined PT Tanjong Budi Sari as Camp Manager.

George Sia returned to Malaysia in 1974 where he joined REI, a company co-founded by his late father, which was then called Crittal Euco Sdn Bhd as General Manager of Sales Marketing and New Product Development Department. He was subsequently promoted to Managing Director in 1976.

BOARD COMMITTEE MEMBERSHIPS:

- None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Chee Suan Lye

Senior Independent Non-Executive Director

Nationality	Age	Gender	•	Malaysian	63	female
Date of Appointment	•	8 March 2017				

Chee Suan Lye qualified as a Certified Public Accountants (Malaysia) and was admitted as a member of the Malaysian Institute of Certified Public Accountants since 1978.

Chee Suan Lye started her career with Price Waterhouse in 1974 to 1979. She then joined the Hoechst Malaysia Sdn Bhd as its Financial Controller and later on was promoted as its Group Company Secretary. In 1983, she joined The Association of Banks in Malaysia ("ABM") and was later promoted to be the Executive Director of ABM. Chee Suan Lye was on the Boards of AFC Holdings (Malaysia) Sdn Bhd between the years 2000 and 2008, BCF Holdings Sdn Bhd (between 1985 and 2008), ABM-MCD Holdings Sdn Bhd (now known as ABM Investments Sdn Bhd) (between 1991 and 2008), and other initiatives and Permanent Committees of the ASEAN Banking Council. She retired and left ABM in 2008.

She was also a Director on the Boards of the Banking Mediation Bureau from 1996, the Financial Mediation Bureau of Malaysia (from its incorporation in 2004 to 2008) and Bolton Properties Bhd from 1986 to 1998.

BOARD COMMITTEE MEMBERSHIPS:
- Chairman, Board Audit and Risk Committee
- Member, Board Nominations Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- None

Mohamed Tarmizi bin Ismail

Independent Non-Executive Director

Nationality	Age	Gender	•	Malaysian	57	Male
Date of Appointment	•	8 March 2017				

Mohamed Tarmizi bin Ismail ("Tarmizi") graduated with a Bachelor of Arts in Sociology from the State University of New York at Binghamton, United States of America in 1984.

Tarmizi commenced his career upon his graduation as an Administrative Officer in the Economics Department in Bank Negara Malaysia ("BNM") and subsequently took up various positions within various departments in BNM.

In 1989, he joined D&C Sakura Merchant Bankers Sdn Bhd as Head, Investments Department.

In 1995, Tarmizi joined Land & General Berhad as General Manager, Business Development before assuming a bigger role in Business Development and Corporate Services a few years later.

In 2000 he resigned to pursue his own business interest before establishing his own executive search firm, Tarmizi Tun Dr Ismail & Partners Sdn Bhd in 2002. To date, he remains as the Managing Partner of the firm.

From 2009 to 2014, Tarmizi was appointed as an Independent Non-Executive Director in HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad) and Hwang-DBS (Malaysia) Berhad (now known as Hwang Capital (Malaysia) Berhad).

BOARD COMMITTEE MEMBERSHIPS:
- Member, Board Audit and Risk Committee
- Member, Board Remunerations Committee
- Chairman, Board Nominations Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- None

Amirul Azhar bin Baharom

Independent Non-Executive Director

Nationality	Age	Gender
Malaysian	44	Male

Date of Appointment • 15 March 2013

Amirul Azhar bin Baharom graduated with a LLB Hons from Staffordshire University, United Kingdom in 1996.

He began his career as a Research Analyst with Cazenove & Co and had been in the financial services industry for a number of years where he was amongst others, with the Securities Commission, BDO Capital Consultants Sdn Bhd and KAF Fund Management Sdn Bhd. He had also served as the Group Managing Director and CEO of Vastalux Energy Berhad. He is the currently the Acting Group Chief Executive Officer of Avillion Berhad (formerly known as Reliance Pacific Berhad).

BOARD COMMITTEE MEMBERSHIPS:
- Member, Board Audit and Risk Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- Chairman, UMS-Neiken Group Berhad
- Director, Spring Gallery Berhad
- Director, Admiral Marina Berhad

Dr. Ir. Jeyanthi A/P Ramasamy

Independent Non-Executive Director

Nationality	Age	Gender
Malaysian	35	Female

Date of Appointment • 23 August 2017

Dr. Ir. Jeyanthi Ramasamy graduated with a Bachelor of Petroleum Engineering from University of Technology Malaysia in 2006. She then continued her Master in Petroleum Technology with Curtin University of Technology and graduated with distinction in 2012. She also completed her Industrial PhD on Subsea Engineering with University of Technology Malaysia in 2016. She is a Professional Engineer with practicing certificate (Petroleum) with Board of Engineers Malaysia, Senior Member of The Institute of Engineers Malaysia (IEM), Committee of Oil, Gas, Mining Technical Division of IEM, Secretary of Society of Underwater Technology and Life member of Women's Institute of Management.

Dr. Ir. Jeyanthi Ramasamy commenced her career as a Drilling Engineer in Talisman Malaysia Limited in 2006 upon her graduation. Three years later, she joined Sarawak Shell Berhad ("Shell") as a Subsea Engineer. In June 2011, Dr. Ir. Jeyanthi Ramasamy was promoted as a Lead Umbilical Engineer and in October 2013, she was further promoted as Subsea Lead. In 2016, she joined Oceaneering International Inc as Technical Solutions Manager.

BOARD COMMITTEE MEMBERSHIPS:
- Member, Board Remunerations Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- None

Leong Wai Yuan

Non-Independent Executive Director

Nationality	Age	Gender
Malaysian	42	Male

Date of Appointment • 8 March 2017

Leong Wai Yuan is currently the Group Chief Executive Officer of RTB Group.

He is an Honours graduate from the University of Malaya in Materials Engineering with a Master of Business Administration specialising in Finance with Charles Sturt University, Australia; and a member of Malaysia Institute of Management (MIM).

Joined REI Group as Group Chief Operating Officer in 2013 and subsequently promoted to Deputy Chief Executive Officer. He was appointed as Chief Executive Officer of REI Group in 2017 and later to the board and Group CEO of the RTB Group.

Prior to this, Leong Wai Yuan was General Manager for a leading Australian manufacturer and supplier of steel products and solutions worldwide. He brings experience in production, construction, product development, strategic & corporate planning, supply chain and people management from his various capacities of nearly 20 years.

BOARD COMMITTEE MEMBERSHIPS:

- None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Wong Mun Keong

Non-Independent Executive Director

Nationality	Age	Gender
Malaysian	56	Male

Date of Appointment • 8 March 2017

Wong Mun Keong is currently the Chief Investment Officer of RTB. He graduated with a Bachelors of Commerce in Accounting, Finance and Systems (Honours) from the University of New South Wales, Australia in 1986.

Wong Mun Keong commenced his career in 1987 as a Personal Assistant to the Chairman, Tan Sri Wan Azmi, in Rohas Sdn Bhd. He then joined Investment and Econometric Research Pty Ltd as a Credit Analyst and University of Technology Sydney as a lecturer in finance before returning to Malaysia to join RHB Research Institute Sdn Bhd as a Senior Analyst. He also served as Director of Schroder Research (Malaysia) Sdn Bhd and Group General Manager, Business Development & Corporate Finance in Gamuda Berhad.

He joined REI Group in 2007 as Chief Investment Officer. As the Chief Investment Officer of RTB Group, Wong Mun Keong continues to play a role in the overall management and supervision of the investment and corporate sector of RTB Group.

BOARD COMMITTEE MEMBERSHIPS:

- None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Director, Syarikat Pengeluar Air Selangor Holdings Berhad

Shahrulanuar bin Ishak

Non-Independent Executive Director

Nationality	Age	Gender	Malaysian	42	Male

Date of Appointment • 9 March 2018

Shahrulanuar bin Ishak ("Shahrul") is currently the Chief Financial Officer of RTB Group.

Shahrul graduated with a Bachelor of Accounting and Finance from De Montfort University, Leicester, United Kingdom in 1998. He is a member of the Association of Chartered Certified Accountants since 2005 and a member of Malaysia Institute of Accountants since 2007. He also did his Post-Graduate Diploma in Islamic Banking and Insurance with The Institute of Islamic Banking and Insurance, London United Kingdom in 2006.

Shahrul commenced his career in 1999 as an Audit Associate with KPMG Malaysia and was with the firm until 2011 with his last role being a Head of an Audit Department. Subsequent to that, he was a General Manager with Maxis, Audit Director with Deloitte Malaysia and Head of Financial Reporting for Syarikat Takaful Malaysia Berhad.

He joined REI in 2016 as the Senior General Manager of Finance and was subsequently redesignated as Chief Financial Officer of REI on 1 January 2017. Since 20 March 2017, Shahrul has been RTB's Chief Financial Officer.

BOARD COMMITTEE MEMBERSHIPS:

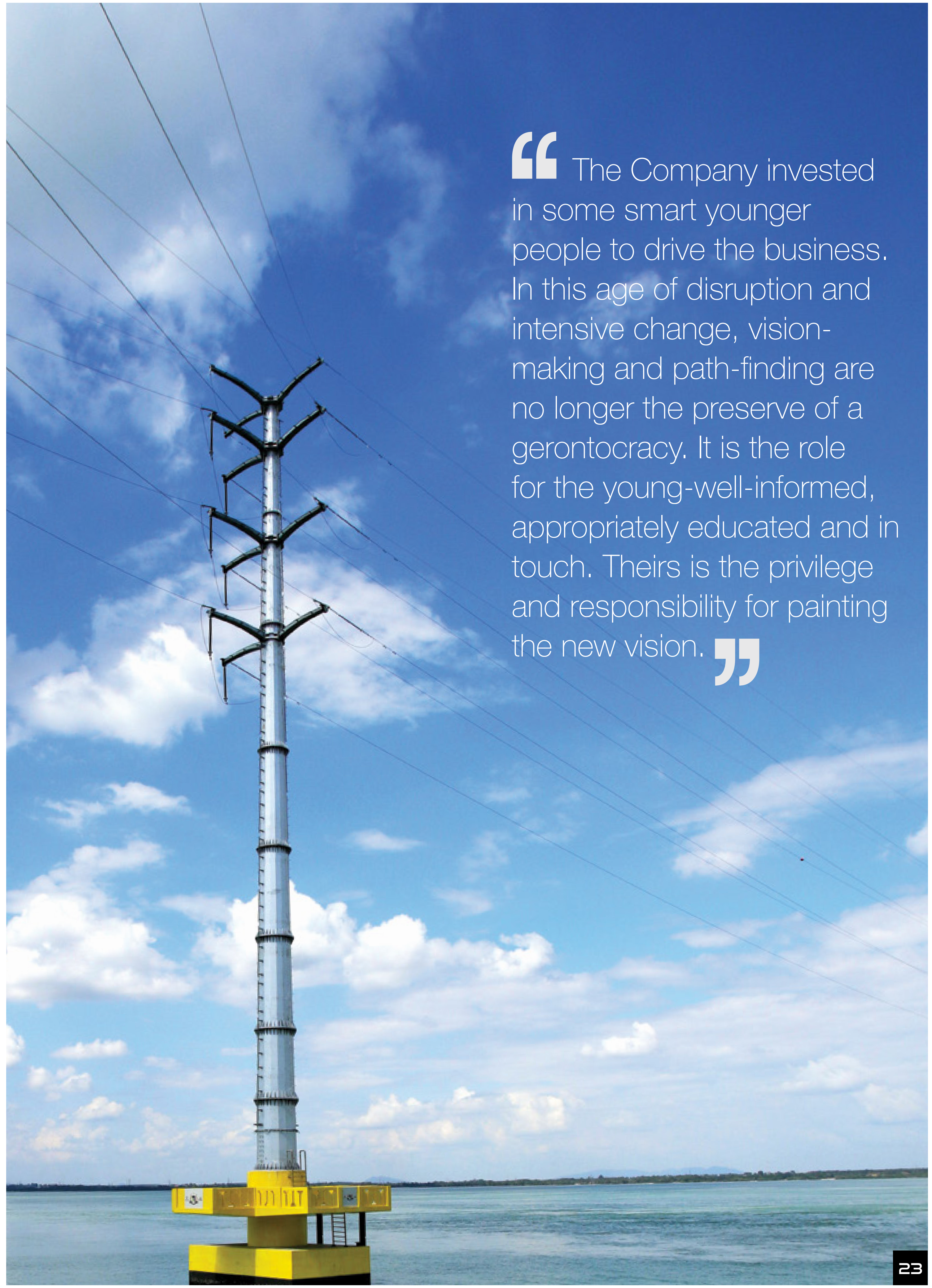
- None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Notes:

1. Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2017 are set out in the Statement on Corporate Governance and Audit and Risk Committee Report.
2. The above Directors have no family relationship with any Director and/or major shareholder of Rohas Tecnic Berhad, except for Tan Sri Wan Azmi who is the spouse of Puan Sri Nik Anida Binti Nik Manshor, and George Sia who is the spouse of Chan Liew Hoon, of which both are major shareholders of RTB.
3. The above Directors have no conflict of interest with RTB, have not been convicted of any offence within the past five (5) years, and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.



RAMLAN SAFRI

Chief Manufacturing Officer
Rohas-Euco Industries Berhad ("REI")

Nationality/Age/Gender • Malaysian/58/Male

Date of Appointment • 1 March 2015

Academic/Professional Qualifications
- Master of Science (Electrical Engineering), UCLA USA
- PhD (Electrical Science) Fort Jones Open University, USA

Working Experience
Joined REI with the current position.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

CHAI KAM CHEONG

Chief Operating Officer
RBC Water Sdn Bhd

Nationality/Age/Gender • Malaysian/55/Male

Date of Appointment • 1 January 2018

Academic/Professional Qualifications
- Bachelor Degree from University of Tasmania
- Post-graduate from Australian National University
- Master of Science (Water and Environmental Management) from the Water, Engineering and Development Centre (WEDC), Loughborough University, UK
- Member of the Chartered Institute of Water and Management (MCIWEM) and Society of the Environment (CEnv) United Kingdom

Working Experience
Joined RBC Water with the current position.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

RISHABH DEV KHAITAN

Chief Operating Officer
HG Power Transmission Sdn Bhd ("HGPT")

Nationality/Age/Gender • Indian/34/Male

Date of Appointment • 1 November 2017

Academic/Professional Qualifications
- Bachelor of Science in Finance, University of Illinois at Urbana-Champaign, USA

Working Experience
Joined HGPT with the current position.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

DZULKIFLI BIN RAMAN

General Manager - Sales and Marketing
Rohas-Euco Industries Berhad ("REI")

Nationality/Age/Gender • Malaysian/49/Male

Date of Appointment • 1 January 2014

Academic/Professional Qualifications
- Diploma in Land Surveying from the Universiti Teknologi, Malaysia

Working Experience
Joined REI in 1997 as a Project Manager.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

AHMAD LATIFI SUPIAN

General Manager - Supply Chain
Rohas-Euco Industries Berhad ("REI")

Nationality/Age/Gender • Malaysian/52/Male

Date of Appointment • 1 March 2014

Academic/Professional Qualifications
- Diploma in Electrical Engineering Universiti Teknologi Malaysia
- Executive Master Of Business Administration (EMBA) Universiti Teknologi Malaysia

Working Experience
Joined REI with the current position.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

HO CHEE SENG

General Manager - Fabrication
Rohas-Euco Industries Berhad ("REI")

Nationality/Age/Gender • Malaysian/55/Male

Date of Appointment • 16 May 1987

Academic/Professional Qualifications
- Diploma in Mechanical Engineering, Institut Teknologi Jaya
- Bachelor of Engineering (Honours) Mechanical Engineering, University of Northumbria, Newcastle, United Kingdom
- Graduate Member of Board of Engineers Malaysia

Working Experience
Joined REI in 1987 as Draftsman and has held various position, the last being Senior Manager in the manufacturing division.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

TEOH ENG BEE

General Manager - Engineering
Rohas-Euco Industries Berhad ("REI")

Nationality/Age/Gender • Malaysian/43/Male

Date of Appointment • 10 September 1997

Academic/Professional Qualifications
- Diploma in Civil Engineering, Universiti Teknologi Malaysia
- Bachelor of Civil Engineering, Universiti Teknologi Malaysia
- Graduate Member of Board of Engineers Malaysia

Working Experience
Joined REI in 1997 as Assistant Engineer and has held various position, the last being Manager in the design division.

Present Directorship
(i) Listed Entity: Nil
(ii) Other Public Companies: Nil

The above Key Senior Management members have no family relationship with any Director and/or major shareholder of RTB, have no conflict of interest with RTB, have not been convicted of any offence within the past five (5) years and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

RTB is capable of undertaking EPCC projects for High Voltage Electrical Switching and Distribution Substations, Distribution Network, Installation of Telecom Towers and HV/EHV Cabling Project within the region. RTB has strong in-house design & engineering capabilities for electrical as well as structural and civil works, and highly experienced project management team to deliver these projects as per customer's specific requirements.

Rohas Tecnic Berhad ("RTB") completed its Regularisation Plan with the acquisition of Rohas-Euco Industries Berhad ("REI") and its subsidiaries ("REI Group") on 8 March 2017. With the completion of the acquisition, the newly appointed Directors and Senior Management charts a new path for the Group.

OVERVIEW OF THE BUSINESS

On 21 September 2015, RTB announced that it had entered into a non-binding MOU with Rohas-Euco Holdings Sdn Bhd ("Vendor") in relation to a proposed reverse take-over of the Company by the Vendor, which entailed the Company acquiring all the equity interest held by the Vendor in Rohas-Euco Indsutries Berhad ("REI") and its subsidiaries ("REI Group") comprising 68,377,306 ordinary shares of RM1.00 each for the sale and purchase consideration of RM200,000,000 ("Proposed Acquisition"). The Proposed Acquisition was part of the RTB's Proposed Regularisation Plan to maintain its listing status on the Main Market of Bursa Securities. Upon completion of the Share Sale Agreement and the acquisition on 8 March 2017, RTB became the holding company of REI.

On 31 October 2017, RTB also completed its acquisition of 4,900,068 ordinary shares in HG Power Transmission Sdn Bhd ("HGPT"), representing 75% of the entire issued share capital in HGPT, for a purchase consideration of RM91,660,000 to be satisfied via the allotment and issuance of 72,800,000 new ordinary shares in RTB ("RTB Shares") at an issue price of RM0.95 per RTB Share and RM22,500,000 in cash.

RTB is an investment holding company and through its new subsidiaries from the Regularisation Plan and acquisition during the year, divide the Group into three (3) main corporate business segment:

- Fabrication of tower;
- Engineering, Procurement, Construction and Commissioning ("EPCC") for Telecommunication and Power Transmission; and
- Other business activities.

RTB and its subsidiaries ("RTB Group") core business remains in the fabrication of steel towers used for power transmission and telecommunications. This core business is supported by in-house design and in-house galvanising facility to protect its steel towers against corrosion. RTB Group is able to design and fabricate different types of steel towers, namely lattice towers and monopoles. The fabrication facility can also be used to fabricate electrical substation structures such as steel gantry and equipment support structures.

RTB Group engages in EPCC in power transmissions and telecommunications sectors both in Malaysia and regional countries.

With the acquisition of HGPT during the financial year, RTB Group expand its capability further into power transmission EPCC market in Malaysia and regional countries. EPCC refers to the responsibility to start, complete and deliver an entire project. An EPCC contractor is commonly known as the main contractor of a particular project. Main contractors may undertake the whole project themselves or sub-contract works to third parties where necessary. The scope for EPCC works includes full construction and supply of equipment including engineering.

Financial Performance

For FYE 2017, RTB Group achieved revenue of RM310.9 million, recorded operating profit of RM46.8 million and reported a profit after taxation of RM4.6 million.

On completion of the acquisition of REI Group in the 1st quarter ended 31 March 2017, RTB Group had to charge a one-off in the 1st quarter ended 31 March 2017 a Regularisation Plan expense of RM4.0 million and share-based payment expense of RM21.4 million to its consolidated statement profit or loss and other comprehensive income.

If not for the Regularisation Plan expense and share-based payment expense, the Group would have achieved profit after tax of RM30.0 million for the financial year.

Key Ratios

The following table sets forth the key financial ratios based on RTB Group's financial statements:

	FYE 2017	FYE 2016
Revenue growth	64.4%	21.8%
Operating profit margin	15.1%	19.3%
Current ratio (times)	1.93	2.87
Gearing ratio (times)(1)	0.37	0.20

Note:
(1) Based on total borrowings over total equity.

Revenue growth

For FYE 2017, RTB Group revenue grew by 64.4% in 2017 from RM189.1 million in FYE 2016 to RM310.9 million for FYE 2017 due to increase in revenue from the fabrication of tower and steel structure segment by RM46.5 million and also an increase in the EPCC for Telecommunication and Power Transmission revenue by RM77.5 million.

Operating profit margin

Operating profit margin for the year was 15.1% in 2017 compared to 19.3% in 2016 mainly due to higher steel prices during the year that resulted in increase in cost of production for our fabrication segment, and also larger contribution from the EPCC segment that contributed 36.4% of RTB Group FYE 2017 revenue.

Current ratio

As at 31 December 2017, RTB Group's current ratio was 1.93 times, which was lower compared to 2.87 times of REI Group as at 31 December 2016. This was mainly due to increase in short-term borrowings and trade payables with the inclusion of HGPT's numbers as at year end 2017.

Gearing ratio

As at 31 December 2017, RTB Group's gearing ratio was 0.37 times. RTB Group's total borrowings increased from RM38.71 million as at 31 December 2016 to RM125.84 million as at 31 December 2017. This was mainly due to increase in trade financing for current projects perform by HGPT Group that has higher project financing requirements.

CAPITAL MANAGEMENT

RTB Group business has been financed via a combination of internal and external sources of funds. The internal sources comprise shareholders' equity and cash generated from the business operations while external sources are from various credit facilities extended to RTB Group by financial institutions. RTB Group's principal utilisation of funds has been for its business growth and operations.

As at 31 December 2017, RTB Group had cash and bank balances of RM104.68 million and total borrowings of RM125.84 million, gearing ratio was 0.37 times, and current ratio was 1.93 times.

The board of directors of RTB is of the opinion that, after taking into consideration the cash and cash equivalents, the expected funds to be generated from operating activities, the amount unused under the existing banking facilities, and the unutilised proceeds from the previous Public Issue, RTB Group would have adequate working capital to meet their present and foreseeable requirements for a period of 12 months from the date of this Annual Report.

RTB Group's material capital commitments as at FYE 2017 are as follows:

	RM'000
Establish new facility at Lot 5C and Lot 5D in Bentong	5,700
Project investment for a mini hydropower plant in Indonesia	10,560
Purchase of machinery and equipment to upgrade existing facilities in Bentong	4,260
	20,520

The capital commitment of RM20.5 million is for the expansion of operational facilities for RTB Group's future plans and also further investment in a mini hydropower plant in Indonesia. Of the RM20.5 million, RM15.0 million will be financed via proceeds from the previous Public Issue, whilst the remaining RM5.5 million will be funded through internally generated funds.

PERFORMANCE BY CORPORATE BUSINESS SEGMENTS

1. Fabrication of Tower

The first corporate business segment is the fabrication of power transmission and telecommunications towers, for both lattice towers and monopoles. The power transmission towers, contributes to 81% of the total revenue of the segment, are generally designed to carry transmission lines with operating voltages ranging from 33kV to 500kV, and are able to support up to four electrical circuits on a tower. RTB's subsidiary, REI is registered as a supplier and design contractor with Tenaga Nasional Berhad for the supply of products and provision of works and services.

Performance Highlights

	FYE 2017 RM'000	FYE 2016 RM'000
Revenue	176,768	144,127

The revenue from the Fabrication segment contributes 56.9% of the total revenue for FYE 2017. Revenue increase by RM32.6 million or 22.6%. This was due to increase in deliveries of lattice towers of 8,897 mt or 44.1%, where in FYE 2017,

RTB Group delivered 29,045 mt as compared to 20,148 mt for FYE 2016. Power transmission towers showed an increase in revenue by RM42.7 million or 38.1% and telecommunications towers increased by RM3.7 million or 11.7%.

Operational Highlights

The customer base comprised mainly EPCC contractors and steel tower fabricators. EPCC contractors include electrification contractors responsible for installing the power line networks as well as telecommunications infrastructure contractors and network facility providers. The segment also serves other customers namely civil and infrastructure contractors, as well as public and private utility organisations.

Along with the completion of acquisiton of HGPT, RTB Group have a combined manufacturing facility in Bentong and Batu Gajah of 2 plasma cutting machine, 16 CNC Punching Machine, 4 CNC Drilling Machine, 2,350 mt Press Machine.

Looking Ahead

REI Group's business operations are currently supported by its fabrication and galvanising facilities in Bentong, Pahang. As part of RTB Group's future plans, it intends to expand its operational facilities by acquiring machinery and equipment to upgrade existing operational facilities as well as establishing new facilities at Lot 5C and 5D in Bentong to cater for business expansion and growth. The upgrading process is expected to be completed and contributed positively to the fabrication process by Q3 of 2018.

2. EPCC for Telecommunication and Power Transmission

The second corporate business unit is the EPCC for telecommunication towers and power transmission lines.

Performance Highlights

	FYE 2017 RM'000	FYE 2016 RM'000
Revenue	126,846	26,262

Revenue from EPCC increased by RM100.6 million or 383.0%, which was mainly attributed to:
- Phase 2 of the Time 3 project that contributed 11.7% for the segment's revenue, the project started in Q1 and as at 31 December 2017, it was almost 93.9% completed with the remaining work due to be completed by Q1 2018;
- EPCC works awarded in Laos contributed to 32.1% of the segment's revenue. Work started in Q4 of 2017 and the amount recognise is reflective of the progress as at year end; and
- Revenue from EPCC works contributed by HGPT Group, the new subsidiary acquired in Q4 of FYE 2017, for works done in Bangladesh and Malaysia, that contributed to 48.0% of total revenue to the segment.

Operational Highlights

EPCC for Telecommunication

In 2017 saw RTB Group completed 93.9% of the phase 2 of the "Time 3" extension programme. The "Time 3" programme" was part of the Malaysian Government's initiative under Malaysian Communications and Multimedia Commission, to construct a total of 1,000 new telecommunications towers nationwide. The "Time 3" extension programme, was announced in 2014, where the telecommunications towers would be built in three (3) phases throughout Malaysia.

EPCC for Power Transmission

On 15th May 2017, REI was awarded a contract by Electricite du Lao ("EDL") to supply and construct transmission lines, substations and distribution lines in the Lao People's Democratic Republic ("Lao PDR"). The contract value is US$70 million (approximately RM300 million). Works commenced in the Q4 of this year for a duration of 24 months to completion.

This was REI's second EPCC project in Laos after having completed the first one in 2014. The track record earned in the previous project with timely execution and good work quality provided the confidence in the Laotian authorities to grant REI another project.

In Q4 of 2017, RTB Group completed the acquisition of HG Power Transmission Sdn Bhd ("HGPT"). HGPT is a leading Malaysia-based power transmission EPCC with a long and proven track record in providing turnkey solutions for high voltage transmission lines and substations within Malaysia and the region (including Papua New Guinea, Indonesia and Bangladesh). HGPT has been involved in the construction of more than 4,700 kilometres of transmission lines in Malaysia and overseas, with design capability for transmission lines up to 500kV and substations up to 275kV. The acquisition will be able to strengthen RTB Group's EPCC capabilities in the ASEAN region and increase our competitiveness as a turnkey solutions provider for the construction of power transmission lines. In addition, HGPT will enable RTB Group to gain access to the entire value chain of the power transmission industry, increasing our negotiation strength when bidding for and securing new projects.

Looking Ahead

For 2018, will see the commencement of the phase 3 of the "Time 3" extension programme, in which we hope to secure a significant portion of the awarded contracts from the main contractor. Laos will also see further progress of more than 50% completed of the awarded project.

On HGPT, its orderbook currently exceeds RM500 million, of which 71% comprises domestic orders and 29% foreign orders, with the on-going projects expected to continue into the first half of 2019. HGPT is also bidding for additional projects in Malaysia, Bangladesh and Papua New Guinea, and is confident of securing additional projects with its track record and expertise.

It is the intention of the Group to grow the EPCC segment, especially in overseas markets and neighbouring countries for it to become a regional player within the next 5 years. These growth initiatives are expected to be funded from internally-generated funds.

Other business activities

The third corporate business segment is the other business activities. This segment includes revenue from external galvanising, EPCC works in water and fabrication of substation structures.

Performance Highlights

	FYE 2017 RM'000	FYE 2016 RM'000
Revenue	7,265	18,733

Revenue from this segment reduced by RM11.5 million or 61.2%. This was mainly attributed to lesser external galvanising work being obtained as the facility was mainly focusing on ensuring internal work are prioritised with the increase in the production for FYE 2017 and lesser demand for fabrication of substation structures.

Included in the revenue is work done for EPCC in water segment. In FYE 2017, the revenue was RM2.6 million and in FYE 2016 was RM3.6 million. RTB Group is searching out opportunities which we could capitalise on our past experience. RTB Group has hired and established a team specifically to explore and source for opportunities. As at year end, we have participated in tenders amounting to RM70 million. The Group does see potential in this segment and target to grow it exponentially in this coming years. We have identified a few water projects in neighbouring countries which we intend to explore further.

ASSOCIATE COMPANY

Included in RTB Group's plans is to invest in a Mini hydropower plant located in Lawe Sikap, Indonesia through its subsidiary company, PT REI Abadi, in Indonesia. PT REI Abadi holds a 49% equity interest in PT Century Abadi, an associated company responsible for the development and operation of the said Mini hydropower plant.

The Mini hydropower plant is designed with a power generation capacity of 7 MW. In January 2016, the take-up of power generated from the Mini hydropower plant has been confirmed when PT Century Abadi secured a 20-year concession for the supply of power to PT Perusahaan Listrik Negara (PLN). PLN is an Indonesian state owned corporation with a monopoly on the distribution of electricity in Indonesia. The 20-year concession for the supply of power is expected to start upon commencement of commercial operations. Construction work has commence and expected to be completed by end 2018 while commercial operations are expected to commence by 2019.

The total cost of the Mini hydropower plant is approximately IDR225 billion, which is equivalent to approximately RM74.03 million. Of the total cost of RM74.03 million, 70% will be funded using bank borrowings and 30% will be funded based on the respective equity portions of the following shareholders of PT Century Abadi:
- PT REI Abadi holds 49% equity interest;
- PT Arete Titan Indonesia, holds 11% equity interest; and
- PT Global Mandiri Sejahtera Indonesia, holds 40% equity interest.

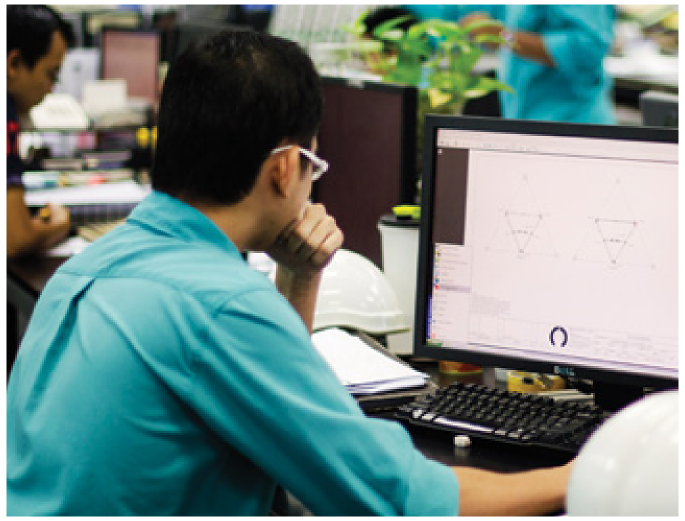
OUTLOOK OF THE ELECTRICITY SUPPLY AND POWER TRANSMISSION INDUSTRY IN MALAYSIA

In terms of electricity growth, industrial sales is expected to remain subdued while commercial and domestic sectors are projected to contribute significantly towards the overall demand growth. Reasonable y-o-y growth was seen in 2016 even after the El Nino phenomenon subsided in late May. Therefore, electricity sales is projected to grow at between 1.0% to 2.0% while peak demand is projected to grow at between 2.0% to 2.5% in 2017. Regulatory instruments are further strengthened with the passing of the Electricity Supply (Amendment) Act 2015 and the Gas Supply (Amendment) Act 2016. Existing regulations, codes or guidelines will be revised from time to time while new instruments will be introduced in order to keep up with changes in the industry.

Two (2) new thermal power generation projects are expected to be commissioned in 2017, Pengerang Co-generation Plant with initial export capacity of 400MV scheduled in June and TNB Manjung Five with capacity of 1,000MW scheduled in October. Solar plants under the Large Scale Solar ("LSS") and direct award are expected to start commissioning by year end in addition to renewable energy plants under the Feed-in Tariff scheme. The second phase of the LSS bidding programme for commercial operation in 2019 will start in 1Q of 2017.

The NEM scheme is opened to all domestic, commercial and industrial consumers with total target capacity of 500MW and maximum allowable installed capacity of 1MW peak for commercial and industrial consumers. More consumers can now participate in the scheme as the annual capacity is capped at 90MW (Peninsula) and 10MW (Sabah) for the period between 2016 to 2020. However, based on the initial response, certain requirements will need to be revisited to boost consumer participation.

After many years of delay, the 275kV Bukit Tarek – Chubadak transmission line is at the final stage of construction and scheduled for commissioning by second quarter of 2017. The much awaited lines will help ease transmission capacity congestion from the Northern to Central area. For other transmission projects currently under construction stages, approval and physical works will have to be expedited to minimise delay.



As Malaysia aims to become a high income country post-2020, a higher generation adequacy target may be needed to ensure the reliability of electricity supply does not hamper the economic growth of the nation. Based on early findings and taking into consideration losses in relation to economic activities disruption due to supply interruption, the most optimal system cost post-2020 can be achieved at between 30% to 35% reserve margin. Detail deliberation is expected as revision in planning criteria will change the outlook of future capacity planting-up.

The latest demand forecast indicated that the load will grow steadily at an annual growth rate of about 1.9% until 2026. This translates into an expected peak demand of 20,989MW in 2026 from 17,317MW in 2016. Several existing power plants will be retired within the next ten (10) year period. Thus, new generation capacity is required to ensure supply adequacy. Based on the latest Generation Development Plant approved by the Jawatankuasa Perancangan dan Perlaksanaan Pembekalan Elektrik dan Tarif, ten (10) power plants will be commissioned in the next ten (10) years. In relation to the generation development, several major 500kV transmission projects, involving new lines and substations, are being constructed. Once completed, these 500kV transmission lines and substations will reinforce supply into the Central area.

These 500kV grid would also become the backbone of Peninsular Malaysia's transmission system, opening the possibility of having multilateral electricity trading via the ASEAN Power Grid. Central area represents about 42% of the total load in Peninsular Malaysia. However only 27% of the power is generated locally. The power deficit is remedied through power import from other areas, primarily from the Northern and Southern areas. Complementing the 500kV grid, the 275kV network system will also need to be reinforced. This is to ensure power is safely delivered to the load centres.

(Source: Peninsular Malaysia Electricity Supply Industry Outlook 2017 – Suruhanjaya Tenaga (Energy Commission)

BUSINESS RISKS

Risk management is embedded in our day-to-day operations. Governance policies and procedures are developed with clear accountabilities for senior management to effectively identify, assess, prevent, record and mitigate all material risks for the Group.

In pushing forward with our strategy and execution plans, key risks have been identified and continuous monitoring undertaken to ensure our exposure to all anticipated risks stays within the Group's overall risk appetite.

Key Group Risks	Description	Key Mitigation Steps
Business Expansion and Growth	- Dependent on business growth and expansion in Malaysia and selected foreign countries. - Subject to the risk of any adverse industry performance and/or regulatory changes and developments in the power transmission and telecommunications tower industries in Malaysia.	- Long term plan in place that sets out the overall direction of the Group and its business ventures - Initial stage for expansion is into East Malaysia and continues into overseas market - Exploring other segments, such as water, as part of diversifying revenue streams but still maintaining within engineering experience and capabilities
Fluctuations in Prices of Steel as Raw Materials	- Risks relating to the fluctuations in prices of steel	- Staggered purchase of steel materials upon obtaining confirmed orders from customers - Expected cost of steel are factored as part of arriving at the bidding quotation
Financial Risks of RTB Group	- Working capital and capital expenditure requirements for their business operations are funded by internally generated funds and external financing in the forms of borrowings and trade facilities from financial institutions and credit arrangements with suppliers. - RTB Group is subjected to financial risks including credit risk, liquidity risk and interest rate risk.	- Ensuring there is sufficient facility available to meet the Group's financial requirements - Continuous monitoring of cash flow needs of the company and available funds - Put in place proper credit control to assess customer and having a debt monitoring mechanism to monitor and follow up on outstanding debtors
Impact of Inflation	- Risk of inflation on the financial perfomance	- RTB Group's financial performance for past three (3) financial years from FYE 2015 to FYE 2017 was not materially affected by the impact of inflation.
Government /Economic/ Fiscal/ Monetary Policies	- Risks relating to Government, economic, fiscal or monetary policies, or changes in import tariffs and related duties for steel materials. Unfavourable changes in the Government's policies, changes in the economic conditions or fiscal or monetary policies may materially affect its operations in Malaysia and abroad.	- Creation of new revenue streams as part of the Group long term plan - Enhancing current manufacturing processes to improve on efficiency and cost to maximise returns
Foreign exchange fluctuations	- For FYE 2017, 18.6% and 2.2% of RTB Group's total revenue were transacted in USD and AUD respectively whilst 46.8% of total purchases of materials and services were transacted in USD. - RTB Group's is subjected to the risks relating to any unfavourable foreign exchange fluctuations which may materially impact its business and financial performance.	- Manage multi-currency project environment by part hedging to manage foreign exchange risk - Matching the payment for foreign currency payables against receivables denominated in the same currency

FUTURE PROSPECT

RTB Group secures its sales based on confirmed purchase orders. RTB Group as at the date of this report has an estimated order book of almost RM900 million for which 20% is for power transmission and telecommunications towers and 80% is for EPCC works.

DIVIDEND POLICY

RTB presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of the Board and any final dividend proposed is subject to the shareholders' approval.

The ability to pay future dividends to the shareholders is subject to various factors including but not limited to the financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

RTB is committed to rewarding shareholders through annual dividends. In respect of FYE 2017, the Board of Directors has recommended a final single tier dividend of 1.5 sen per ordinary share totaling RM7.1 million to be approved by shareholders at the forthcoming Annual General Meeting of the Company.

This is in addition to an interim single tier dividend of 1 sen per ordinary share, totaling RM4.7 million, which was paid on 26 December 2017. The total dividend pay-out for the year under review would be 2.5 sen per ordinary share totaling RM11.8 million.

Note:
1. The audited numbers of REIB Group for the financial year 31 December 2016 has been presented as comparative following the Regularisation Plan of the Company as explained in Note 2.1 to the Financial Statements of this Annual Report.

COMPOSITION AND ATTENDANCE

The members of the Audit and Risk Committee (the "Committee") are as follows:

Position	Name	Type of Directorship	Attendance
Chairman	Chee Suan Lye	Senior Independent Non-Executive Director	7/7
Member	Mohamad Tarmizi bin Ismail	Independent Non-Executive Director	7/7
Member	Amirul Azhar bin Baharom	Independent Non-Executive Director	7/7

The Committee consists of three (3) members of which all are independent non-executive directors. None of them are alternate directors.

During the financial year, the previous Chairman of the Committee had resigned from the Board of Directors of RTB ("the Board") in which the Board then immediately appointed a new independent director as a member of the committee to meet paragraph 15.02(3) of listing requirement. Madam Chee Suan Lye was selected to chair the Committee and is not the Chairman of the Board. This is in compliance with the Step up recommendation of Corporate Governance ("CG") Code and Bursa Securities Main Market Listing Requirements ("MMLR").

The principal objective of the Committee is to implement and support the oversight function of the Board in the area of governance, risk management and internal control. It provides a means for review of RTB Group's processes for producing financial data, its internal controls, corporate code of conduct, the independence of RTB Group's external auditors, and maintain an open line of communication and consultation between the Board, the internal auditors, the external auditors and Management.

MEETINGS

a. The Committee is to meet at least four (4) times a year and as many times as the Committee deems necessary;
b. The quorum for any meeting of the Committee shall be majority of members present;
c. The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee;
d. The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee, and circulating to the Committee members and to other members of the Board; and
e. The Audit Committee meeting dates are arranged ahead and communicated to the auditors in advance for them to prepare the Audit Review Memorandum, Audit Planning Mewmorandum and Audited Financial Statements for presentation to the Committee in order to meet deadlines.

TERM OF REFERENCE

The Committee primary function is as follows:

a) review with the internal and/or external auditors the nature and scope of their audit plans, audit reports, major findings and evaluations of the internal controls system;
b) review the quarterly and annual financial statements before submission to the Board, focusing on, amongst others, change in implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
c) review matter concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
d) review any related party transactions entered into by the Group and any conflict of interest situations that may arise within the Group;
e) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work and to report the same to the Board;
f) perform such other functions as may be requested by the board of directors of the Group;
g) review the adequacy of the Group's risk management framework and assess the resources and knowledge of the management and employee involved in the risk management process;
h) review the effectiveness of internal control systems deployed by the management to address those risks;
i) review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
j) review and further monitor principal risks that may affect the Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
k) communication and monitoring of risk assessment results to the Board; and
l) actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

AUTHORITY

The Committee shall have the authority to:-

1. Investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information which it requires in the course of performing its duties;
4. Have direct communication channels amongst the internal and external auditors;
5. Obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
6. Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

The principal activities undertaken by the Committee during the financial year are summarised as follows:-

1. Conducted a quarterly and year-end financial review of the unaudited financial statements prior to recommending the same for the Board's approval, focusing particularly on significant and unusual events and compliance with accounting standards and other legal requirements;
2. Conducted a review on the appointment of the external and internal auditors, their independence and effectiveness including their fees;
3. Conducted a review of the external and internal auditors' audit planning memorandum, comprising their scope of audit, key audit areas, audit approach and timetable;
4. Engaged with the external auditors once during the year without the presence of the Management to discuss relevant issues and obtain feedback;
5. Conducted a review on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
6. Conducted a review on the scope and results of the internal audit procedures as well as Management's response to recommendations for improvement, and evaluation of adequacy of the internal control system based on the reports from the internal auditors; and
7. Reviewed the enterprise risk management report of the Group as presented by an External Service Provider on the key risks faced by the Group and action plans deployed to manage the risks concerned;

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent internal audit service provider, namely BDO Governance Advisory Sdn Bhd. The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed.

The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

Details of the internal audit activities and scope of coverage of the outsourced internal audit function including the cost incurred are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

INTRODUCTION

The Board is committed to uphold and implement high standard of corporate governance as well as robust risk management and internal control framework for the Group. The Board is responsible for ensuring that appropriate corporate governance structures are in place to facilitate effective leadership, oversight, control, development and the long-term success of the Group through the application of the MCCG 2017 principles.

This report demonstrates the steps taken by the Board to apply three (3) key principles highlighted in the CG code in respect of Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

GOVERNANCE FRAMEWORK

Corporate Governance framework was established during the year to strengthen the oversight of operations, corporate governance, compliance, internal control and risk management of the Group. The key elements of the framework are as follows:

- Board Charter;
- Terms of Reference ("TOR") for Board Committees;
- Business Code of Conduct;
- Whistleblowing Framework; and
- Risk Management and Internal Control Framework.

Good governance depends on capable and effective leadership, professional behaviour and ethical corporate culture. Therefore the Board acknowledges that it is their responsibilities to inculcate the appropriate culture, values which reinforce ethical, prudent and professional behaviour throughout the organisation to create a healthy and dynamic corporate culture within the Group.

BOARD LEADERSHIP AND EFFECTIVENESS

The current Board of Directors came together on 8 March 2017, with the completion of the Regularisation Plan by the Company. Throughout the year, the Board have continued to maintain constructive discourse to deliberate matters concerning strategy, governance and value.

OVERVIEW

The Board

The Board as a whole continues to take ownership of effective leadership and the long-term success of the Group. The diversified skills and leadership experience offered by the Non-Executive Directors enables them to scrutinise performance, assess the Group's risk management and control processes and to support the Executive Directors. Details for each of the Directors together with their Board responsibilities are set out on pages 14 to 22.

Practice 1.1 – Roles and Responsibilities of the Board

In discharging its functions and responsibilities, the Board is guided by the Board Charter, Authority Limits, Matters Reserved for the Board as well as matters which have been delegated to the Board Committees, Executive Committee, Group CEO and Senior Management Committee.

During the year, the Board had carried out the followings tasks to ensure its obligation to shareholders and other stakeholders are met:-

- Setting the objectives, goals and strategic plans for the Group;
- Deliberating, scrutinising and approving the Group's strategies, budgets, plans and policies;
- Overseeing the Group's business to evaluate whether the business activities are being properly managed;
- Understanding principal and potential commercial risks of the Group and ensuring that appropriate systems is in place to manage and mitigate these risks;
- Maintaining an effective system of internal control to safeguard the Shareholder's investment and Group's assets and ensure compliance with applicable laws, regulations, rules, directives and guidelines;
- Succession planning including appointing and fixing the compensation of Senior Management and Directors where appropriate; and
- Developing and implementing an investor relations programme or Shareholder communications policy for the Group.

Practice 1.2 - Role of Chairman

The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board appointed.

Tan Sri Wan Azmi takes on the role of Non-Executive Chairman of the Group. Over the years, he has accumulated vast experience in various sectors including plantations, media and newspapers, real estate development and banking. He was previously a CEO of Malaysia's largest bank. The Board is confident; he will be able to show leadership, entrepreneurship skills, business insight as well as instilling sound corporate governance practices in the best interests of the Group. He also communicates regularly with management and other Board Committee members.

Practice 1.3 - Separation of role of Chairman and Managing Director (MD) /Group Chief Executive Officer (Group CEO)

The Managing Director, George Sia was assisted by a team of senior management in managing the day to day operations of the Group for the financial period under review.

Effective 31 December 2017, George Sia has retired from his executive role in the group and has been redesignated to Non Independent Non Executive Deputy Chairman of the Group. Leong Wai Yuan, who was previously the Chief Executive Officer of Rohas-Euco Industries Bhd has been appointed as the Group CEO of RTB.

The Group continues to comply with the MCCG 2017 in respect of separation of role between Chairman and Group CEO.

Practice 1.4 - Company Secretary

The Company Secretary functions had been outsourced to ED Zone Management Sdn Bhd. The named Company Secretary is experienced and qualified to carry out the function. The Company Secretary provides advise and assists the Board and Committees in achieving good corporate governance by ensuring compliance to statutory laws, legislation, regulatory requirements and other relevant rules and regulations.

The Company Secretary shall also maintain proper statutory records, register and documents for the Group which are essential to assist the Board to achieve, meet and discharge their fiduciary responsibilities in accordance with good corporate governance practice. In addition, the Company Secretary is also responsible in ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat.

All Directors have full access to the advice and services of the Company Secretary who is responsible to the Board for ensuring the Board procedures are complied with. The details on Company Secretary are on page 7.

Practice 1.5 - Information and Support for Directors

The Directors are provided with sufficient information and meeting materials on timely manner for Board discussions and meetings. This ensures the Board members have adequate time for thorough deliberation of key issues.

The deliberations and decision of the Board are recorded in the minutes of meetings and the process for recording abstention by Directors on a particular matter is in place. The minutes are circulated to the Board in a timely manner.

All Directors are entitled to obtain independent professional advice, if necessary at the Group's expense from time to time in performing their duties. All Directors also have full unrestricted access to any information pertaining to the listed issues.

DIRECTORS' TRAINING PROGRAMME

All newly appointed Directors are required to participate in training programmes from time to time to provide them with necessary up to date information to enable them to participate and contribute effectively and efficiently to manage and direct the Group.

In addition to the mandatory Accreditation Programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to keep them abreast with the current development of industry as well as any the new statutory and regulatory requirements. This also will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

Assessment on training needs of each Director is carried out annually by the Nominations Committee. The Directors had participated in various training programmes, seminars and briefings in relation to governance, industry, finance and regulatory developments. During the financial year under review the Board members attended the following training programmes, seminars and briefings:

Director	Topic	Date
Tan Sri Wan Azmi bin Wan Hamzah	1. Directors' Duties and Responsibilities 2. Companies Act 2016: How does it impact Directors, CFO's, Accountant and Auditors	25 July 2017 15 August 2017
Chee Suan Lye	1. Directors' Duties and Responsibilities 2. Malaysia Code of Corporate Governance 2017 and Sustainability Reporting	25 July 2017 10 October 2017
Mohamed Tarmizi bin Ismail	1. Malaysia Code of Corporate Governance 2017 and Sustainability Reporting	10 October 2017
Dr Ir Jeyanthi Ramasamy	1. Malaysia Code of Corporate Governance 2017 and Sustainability Reporting	10 October 2017
George Sia	1. Directors' Duties and Responsibilities 2. Companies Act 2016: How does it impact Directors, CFO's, Accountant and Auditors	25 July 2017 15 August 2017
Leong Wai Yuan	1. Directors' Duties and Responsibilities 2. Companies Act 2016: How does it impact Directors, CFO's, Accountant and Auditors	25 July 2017 15 August 2017
Wong Mun Keong	1. Directors' Duties and Responsibilities 2. Companies Act 2016: How does it impact Directors, CFO's, Accountant and Auditors	25 July 2017 15 August 2017
Amirul Azhar bin Baharom	1. Companies Act 2016	23 June 2017

BOARD MEETINGS

Board meetings for the ensuing financial year are planned and scheduled in advance by the Management before the end of the financial year to enable all Directors to plan ahead.

All Directors are expected to devote sufficient time for the effective discharge of their functions. None of the Directors of RTB serve in more than five (5) listed companies and the previous Managing Director and current Group Chief Executive Officer does not serve as a director in other listed companies. The present directorships in external organisations held by RTB's Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group.

The Board recognises the need to spend time with Senior Management to discuss on the business strategies, plans and performances of the Group. All Board members have committed their time to this effect. In preparing the strategies and budget for the Group for 2017, the Executive Directors and Chief Financial Officer briefed the Board to obtain their views.

During FY2017, 6 Board meetings were held to approve quarterly financial results, statutory financial statements, the annual report, business plans as well as to review the performance of the Group and its operating subsidiaries, governance matters and other business development matters. The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as Directors which is evidenced by their attendance at the Board, Board Committee meetings and the EGM as follows:

			Board Committee Meetings		
Name of Director	**Board Meetings**	**EGM**	**ARC**	**NC**	**RC**
Tan Sri Wan Azmi bin Wan Hamzah	6/6	1/1			1/1
George Sia	6/6	1/1			
Chee Suan Lye	6/6	1/1	7/7	3/3	
Mohamed Tarmizi bin Ismail	6/6	1/1	7/7	2/3	1/1
Amirul Azhar bin Baharom	6/6	1/1	7/7		
Dr Ir Jeyanthi Ramasamy	3/3				
Leong Wai Yuan	6/6	1/1			
Wong Mun Keong	6/6	1/1			
Tan Sri Hussin Bin Haji Ismail	2/2			1/1	
Teo Chee kok	1/1				

Notes:
The attendance record above reflects the Directors and meetings held after the completion of the Regularisation Plan and for periods applicable when they were Directors of RTB.

Practice 2.1 - Board Charter

The Board has in place a Board Charter which is accessible on the Group website. The Board Charter demarcates the responsibilities between Board, Board Committee, Chairman, Group CEO, individual Directors and Company Secretary.

The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems appropriate and necessary. Any subsequent amendments shall be approved by the Board.

Practice 3.1 - Code of Conduct

Business Code of Conduct is in place which includes policies and procedures for managing conflicts of interest as well as preventing abuse of power, corruption, insider trading and money laundering which is accessible from the Group's website.

All Directors and employees were provided with the Business Code of Conduct. All employees are required to read the Business Code of Conduct and sign off in acknowledgement.

Practice 3.2 - Establishing and Implementation of Whistleblowing Policies and Procedures

The Group has drafted a Whistleblowing Policy which is pending the Board's approval. The aim of the policy is to enable individuals to raise genuine concerns without fear of retaliation. This policy will detail the oversight and responsibilities of the whistleblowing process, the reporting process, protection and confidentiality given to the whistleblowers.

Practice 4.1 - Presence of Independent Directors on the Board

The Board for the financial period under review has eight (8) members comprising two (2) Non-Independent Non-Executive Director, two (2) Non-Independent Executive Directors and four (4) Independent Non-Executive Directors. This is in line with MCCG's practice 4.1.

Practice 4.2 & 4.3 - Tenure of Independent Directors

All Independent Directors was appointed to the Board on 8 of March 2017, except for Amirul Azhar bin Baharom who was appointed to the Board on 15 March 2013 , hence none has exceeded nine (9) years tenure. The Board Charter set out policy to limit the tenure of Independent Directors to nine (9) years.

All directors appointed during the year will retire at this coming AGM and require to submit themselves for re-election. Subsequently, 1/3 of the directors will have to retire annually and submit themselves for re-election.

Full information is disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if so re-elected.

Practice 4.4 & 4.5 - Diversity on Board and in Senior Management

The Board acknowledges importance of fostering diversity to enhance the effectiveness of the Board and senior management.

The Board comprises members who have vast experience in the engineering, construction as well as professionals in the finance, legal and consulting sectors. The Board brings in a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives in the competitive business environment.

The Board composition in terms of gender, age, ethnicity and independence for the financial period under review is illustrated below:

	Diversity	Composition Percentage
Type of directorship	Independent	50.00%
	Executive	25.00%
	Non Excutive Non Independent	25.00%
Gender	Male	75.00%
	Female	25.00%
Age	30 – 39	12.50%
	40 – 49	25.00%
	50 – 59	25.00%
	60 – 69	25.00%
	70 and above	12.50%
Ethnicity	Bumi	37.50%
	Chinese	50.00%
	Indian	12.50%

Diversity in the appointment of Board and Senior Management, as mentioned by the Chairman, is something the Group embraces as a conviction and as an objective. As illustrated in the Board composition above, the Group seeks a balanced gender, ethnic and age representation in the boardroom.

Practice 4.6 - Appointment of Directors

The appointment of a new director is for consideration and decision by the full Board and upon the recommendation from the Nominations Committee.

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources, such as 30% Club Malaysia, to identify suitably qualified candidates.

The Board will take into consideration and review the appropriate skills, independence, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board will also review its composition and size from time to time to ensure its appropriateness and effectiveness.

THE BOARD COMMITTEE

Practice 4.7 - Nominations Committee

The Nominations Committee, which comprises two (2) Directors, are exclusively made up of Independent Non-Executive Directors. Mohamed Tarmizi bin Ismail is the Chairman of NC who is an Independent Non-Executive Director.

During the financial period under review met three (3) time(s) to discuss matters within its term of reference. The principal objectives and role of the Nominations Committee are as follows:

(a) assess and recommend to the Group, candidates for directorships of the Group and Directors as members of the relevant board of directors of the Group's committees;

(b) evaluate the effectiveness of board of directors of the Group and the relevant board of directors of the Group committees including its size and corporation and the contribution of each individual Director including Independent Non-Executive Directors;
(c) review annually the required mix of skills and experience and other qualities of the board of directors of the Group, including the core competencies which Directors should bring to the board of directors of the Group; and
(d) ensure an appropriate framework and succession planning for the board of directors of the Group.

The key activities undertaken by the NC during the year are as follows:
a) Recommending and reviewing the Policy on Board Composition;
b) Reviewing the TORs of the Board Committees;
c) Reviewing compliance of Board Committees with their respective TOR;
d) Reviewing the Term of Office and performance of the Audit Committee; and
e) Evaluated and recommended the appointment of Dr Ir Jeyanthi Ramasamy as Independent Non Executive Director to the Board.

Practice 5.1 - Evaluation for Board, Board Committees and Individual Directors

As indicated in the TOR, the Board acknowledges that the NC needs to perform annual assessment of Board Committee and individual Director's performances. However, the Chairman has agreed to perform the assessment for the financial period under review upon the completion of full year in office from the date appointment and completion of the Regularisation Plan.

Practice 6.1 - Remuneration Policy and Procedures for Directors and Senior Management

Directors' remuneration is formulated by the Remunerations Committee to be competitive and realistic with the aim to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Group effectively.

The level of remuneration is linked to their experience and level of responsibilities undertaken for Non-Executive Directors whilst for the Executive Directors, the remuneration packages link rewards to corporate and individual performance.

Practice 6.2 - Remunerations Committee

The Remunerations Committee ("RC") is chaired by Tan Sri Wan Azmi, comprises of three (3) Directors, who are Non-Executive Directors, and of which two (2) are Independent Non-Executive Directors.

During the financial period under review the RC met one (1) time to discuss matters within its term of reference. The terms of reference are as follows:
(a) review and recommend the entire individual remuneration packages for each of the Directors and key management of the Group;
(b) ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of the Directors and key management of the Group; and
(c) establish and recommend to the Board of Directors of the Group the remuneration structure and policy and the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract for the Directors and key management.

Practice 7.1 & 7.2 & 7.3 - Disclosure of Remuneration

The remuneration of those who were Directors for the financial year ended 31 December 2017 are as follows:

Name	Salaries	Fees	Bonuses	Other emoluments	Total
Executive Directors					
George Sia	810,000	-	202,500	28,000	1,040,500
Leong Wai Yuan	504,000	-	126,000	-	630,000
Wong Mun Keong	407,640	-	101,910	-	509,550
Non-Executive Directors					
Wan Azmi bin Wan Hamzah, Tan Sri	-	-	-	16,000	16,000
Amirul Azhar bin Baharom	-	30,000	-	28,000	58,000
Chee Suan Lye	-	-	-	36,000	36,000
Mohamed Tarmizi bin Ismail	-	-	-	36,000	36,000
Dr Ir Jeyanthi Ramasamy	-	-	-	8,000	8,000

The top five Senior Management for the financial year ended 31 December 2017 whose remuneration falls within the respective bands are as follows:

	RM200,001 - RM250,000	RM250,001 – RM300,000	RM300,001 – RM350,000	RM350,001 – RM400,000
Senior Management	1	1	1	2

The Group does not comply with recommendation to disclose on named basis the top five senior management's remuneration in the bands of RM 50,000 in order to preserve confidentiality.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Practice 8.1 - Chairman of Audit Committee

During the financial year, the previous Chairman of the Committee had resigned from the Board in which the Board then immediately appointed a new independent director as a member of the committee to meet paragraph 15.02(3) of listing requirement. Madam Chee Suan Lye was selected to chair the Committee and is not the Chairman of the Board. This is in compliance with the Step up recommendation of CG Code and MMLR.

Practice 8.2 & 8.3 - Cooling off period for Key Audit Partner and Assessment of External Auditor

The Group has in place a policy that requires a former key audit partner of existing external auditor to observe a cooling-off period of at least two years before being appointed as a member of the Audit and Risk Committee. However, the Board is currently reviewing this policy as it is of the view it will not be considered appropriate to appoint key audit partner of the engagement as an Independent Director of the Group. The policy also assesses the suitability, objectivity and independence of the external auditor.

The Audit and Risk Committee had undertaken an assessment of the independence, timeliness, competence, audit quality and resource capacity of the external auditor, Grant Thornton Malaysia in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

Practice 8.4 - Independence of Audit Committee

The Committee consists of three (3) members of which all are independent non-executive directors. None of them are alternate directors.

Practice 8.5 - Financial Literacy of Audit and Risk Committee Member

The Audit and Risk Committee possess the right mix of skills to discharge its duties effectively.

The Committee is chaired by Madam Chee Suan Lye who has been a member of, the Malaysian Institute of Certified Public Accountants since 1978. Madam Chee possesses sufficient financial knowledge to provide satisfactory input on financial matters. The Committee also comprises members with legal, corporate and finance backgrounds which are financially literate and provide diverse perspectives that strengthen the quality of deliberations.

All members receive ongoing training and development as detailed on page 42.

Practice 9.1 & 9.2 - Risk Management and Internal Controls

The Board remains committed to ensuring that its communications with shareholders continue to present a fair, balanced and understandable assessment of the Group and its prospects. The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.

Principal risks and uncertainties associated with the Group's business are summarised on pages 52 to 54 of the Statement on Risk Management and Internal Control. The Audit and Risk Committee monitors and reports on the Group's risk management systems, corporate reporting and internal control principles. The Committee is also responsible for maintaining an appropriate relationship with its internal and external auditors. The 2017 Audit and Risk Committee Report is set out on pages 38 to 39.

Practice 9.3 - Establishment of Risk Management Committee

The Group had embarked on risk management initiatives by establishing an Enterprise Risk Management Framework ("ERM"). A Risk Management Working Group ("RMWG") is in place comprising of the Head of Departments will have the overall responsibility to report on the current and emerging risks to the attention of the Group CEO, chairman of the RMWG.

Oversight of risk has been delegated to the Audit and Risk Committee ("ARC"). ARC has the responsibility for regularly reviewing the risk management framework to ensure it remains sound. ARC is assisted by RMWG which is responsible for driving and supporting risk management across the Group.

The key features of the Group's ERM policy are:
- Sound risk management practice promotes effective governance which is integral to the achievement of business objectives.
- Embedding risk management into day-to-day management processes, decision-making and strategic planning.
- Every employee of the organisation is responsible to manage risks within their areas of responsibility.
- Periodic reporting and monitoring activities instils accountability and responsibility for managing risks.
- The risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimise threats.

Practice 10.1 & 10.2 - Effectiveness of Internal Audit Function

The Group outsourced its internal audit function to an independent internal audit service provider, namely BDO Governance Advisory Sdn Bhd. The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed.

The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit and Risk Committee and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

Details of the internal audit activities and scope of coverage of the outsourced internal audit function including the cost incurred are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Practice 11.1 - Communication with Stakeholders

The Board is committed to ensure that we continue to engage effectively with our shareholders to facilitate a mutual understanding of objectives. The Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Malaysia Securities Berhad, quarterly reports, Group's website and investor relations.

The Group also maintains a website which shareholders and other stakeholders can gain access to information about the Group, activities and/or any announcements made by the Group. This can all be located at www.rohastecnic.com.

Practice 12.1 - Notice of General Meeting

Notice for the AGM was given to the shareholders at least 28 days prior to the meeting so that shareholders have adequate time to consider the resolutions that will be discussed at the AGM.

Practice 12.2 - Attendance of Directors at General Meeting

The Board uses the AGM to communicate with investors and encourages their participation. Shareholders are invited to attend the AGM each year and to ask questions. The Chairman of the Audit and Risk, Nominations and Remunerations Committees are to be present at that meeting to answer questions on the work of the Committees.

Practice 12.3 – Use of Technology for Shareholders Voting

The Group does not have large number of shareholders and AGM is held in Kuala Lumpur. Hence, deem the use of technology is not necessary as at the current environment.

COMPLIANCE WITH THE CG CODE

The Board considers that the Group has complied with the best practice and applied the main principles of CG Code with the exception of the following:

	Explanation
Practice 3.2	The Whistleblowing policy has been drafted and pending deliberation and approval by the Board which should be completed in FY2018.
Practice 5.1	Chairman will perform the assessment of the Directors for the financial period under review upon the completion of full year in office from the date appointment and completion of the Regularisation Plan.
Practice 7.2 & 7.3	To preserve confidentiality, the Group does not comply with recommendation to disclose on named basis the top five senior management's remuneration in the bands of RM 50,000.
Practice 9.3	The responsibility for Risk Management is currently being looked at by the Audit and Risk Committee, which comprises Independent Non-Executive Directors. Therefore, a separate Risk Management Committee is not required.
Practice 12.3	The use of technology is not necessary as the Group does not have large number of shareholders and AGM is held in Kuala Lumpur.

CG Report
As required under paragraph 15.25 (2) of MMLR, the Group's application of each Practice of the CG Code during the financial year and explanation for departure and setting out timeline for compliance or alternative practice is set out in this statement of Corporate Governance and can be downloaded at www.rohastecnic.com.

RTB's strengths lies in its Engineering capabilities, a team of passionate and skilled engineers, proficient in the use of various industry standard design software, produces tower and steel structure designs to the needs and specifications of its clients, and in accordance with international standards. In order to keep abreast with technological innovations, the R & D team within the engineering division dedicates itself to improving the technology in the design and fabrication of steel structures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control (the "Statement") is prepared pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, a publication of Bursa Malaysia Securities Berhad.

RESPONSIBILITY OF THE BOARD

The Board of Directors ("the Board") acknowledges that it is their responsibility to review, in an ongoing manner, the risk management and internal control system for its adequacy, effectiveness and integrity. The Board maintains overall responsibility for risk oversight through its Audit and Risk Committee. The Board is also committed to maintaining a sound system of risk management and internal control within the Group.

The Board has formalised an Enterprise Risk Management framework ("ERM framework" or "framework") which is based on International accepted framework. The framework aids to the achievement of Group's objectives and strategies by instilling continuous process of identifying, evaluating, profiling, mitigating, reporting and monitoring significant business risks the Group may face.

There are inherent limitations in any system of risk management and internal control ("system"), thus, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system is therefore designed to only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraudulent activity.

Management is responsible in developing procedures and processes as well as implement internal controls which will help identify, assess, mitigate and monitor business risks. Management also takes corrective actions as and when needed in order to assist the Board in discharging its duties and responsibilities in maintaining a sound system of risk management and internal control.

The Board has received assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the opinion that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, Group's assets and the interests of internal and external stakeholders.

RISK MANAGEMENT

The Group had embarked on risk management initiatives by establishing an Enterprise Risk Management Framework ("ERM"). A Risk Management Working Group ("RMWG") is in place.

The RMWG, comprises of the Head of Departments will have the overall responsibility to report on the current and emerging risks to the attention of the Group CEO, chairman of the RMWG.

The key responsibilities of the RMWG are to provide regular reporting and update to the Board on key risk management issues. The RMWG is also responsible to promote and ensure that the risk management process and culture are embedded throughout the Group.

The key features of the Group's ERM policy are:
- Sound risk management practice promotes effective governance which is integral to the achievement of business objectives.
- Embedding risk management into day-to-day management processes, decision-making and strategic planning.
- Every employee of the organisation is responsible to manage risks within their areas of responsibility.
- Periodic reporting and monitoring activities instils accountability and responsibility for managing risks.
- The risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimise threats.

The key Business Risks identified are as follows:
- Business Expansion and Growth;
- Fluctuations in Prices of Steel as Raw Materials;
- Financial Risks of REI Group;
- Impact of Inflation;
- Government /Economic/ Fiscal/ Monetary Policies; and
- Foreign exchange fluctuations.

The details of risk description and key mitigation steps are explained in the Management Discussion and Analysis report on page 36.

INTERNAL CONTROL SYSTEM

Internal control is embedded in the Group's operations as follows:
- Clear organizational structure with defined reporting lines;
- Clearly documented ISO procedures for manufacturing operation and clearly defined job description for the purpose of succession planning;
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and internal control activities;
- Internal audit function provides assurance of the effectiveness of the system of internal control within the Group. Regular internal audit visits are undertaken to review the effectiveness of the control procedures;
- Review of internal audit reports and follow-up on findings by the Audit Committee;
- Regular Board and Audit Committee meetings to assess the Group's internal controls, performance and risks;
- Senior Management Committee ("SMC") monitors the operations of the operating units; the SMC is chaired by the Group Chief Executive Officer;
- Review of monthly management reports by the SMC to deliberate on results and business strategies; and
- Human resource function sets out policies for recruitment, training and staff appraisal to ensure that staff is competent and adequately trained in carrying out their responsibilities.

INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") is carried out in accordance with the International Professional Practice Framework ("IPPF") by an independent professional firm, namely BDO Governance Advisory Sdn Bhd. The IAF team is headed by an Executive Director who possesses the relevant qualification and experience is assisted by three (3) staff including a manager.

The internal audit reviews are performed based on an internal audit plan approved by the Audit and Risk Committee. Internal Audit reviews findings together with management's comments and action plans are presented and reviewed by the Audit and Risk Committee. Follow-up reviews will be conducted to report to the Audit and Risk Committee on the status of implementation of management action plans.

For the financial year ended 31 December 2017, the following 2 significant business units were identified and selected for internal audit with the Audit Committee's concurrence: -

Name of Business Unit	Department	Areas covered
Rohas-Euco Industries Berhad	• Order Processing Department	• Vendor Management • Procurement Process • Payables Management
Galvanishing Engineering Services Sdn Bhd	• Logistics and Purchasing Department • Engineering Design Department	• Project Management • Data Security Management

The total cost incurred for the outsourced internal audit function for the financial year under review amounted to approximately RM56,000.

ISO AUDIT FUNCTION

As per requirement of the ISO 9001:2015 –QMS & ISO 14001:2015 -EMS certifications, scheduled audits are conducted internally on yearly basis as well as by the independent certification body, Lloyd's Register & Bureau Veritas. Management Review Committee reviews the issues arising from these audits, develop action plans and follow-up reviews are conducted to ensure all matters has been resolved.

CONCLUSION

In assisting the Board to assess the adequacy and operating effectiveness of the Group's risk management and internal control system, the Audit and Risk Committee conducted a review of the observations raised by the internal and external auditors. The Board is of the view that there have been no significant weaknesses identified in the risk management and internal control system.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa's Listing Requirements, the external auditors have reviewed this Statement for incorporation in the Annual Report for the financial year ended 31 December 2017. The external auditors have reported to the Board that, based on their review of the procedures performed and evidence obtained, it can be found that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues to be set out, nor is the Statement factually inaccurate. This Statement is made in accordance with the resolution passed by the Board of Directors on 26 March 2018.

RTB is committed to ensure economic, social and environmental issues of our stakeholders are managed with Sustainability in mind. We aspire to be a market leader in corporate sustainability. We believe that through Sustainable actions, we can ensure excellence to our internal and external marketplace and communities.

RTB's journey to-date has been remarkably exciting; we are committed to continuously learn, develop and grow our business through sustainable actions. Our journey has however just begun and we acknowledge that there is ample room for growth and improvement initiatives.

For the purpose of this Narrative Statement, we will illustrate our Sustainability themes and what we accomplished within each for FY2017.

Formalisation of our Governance structures (management and board), continuous monitoring and embedding of sustainability in our reporting process and tools, formally appointing a Sustainability Officer, determining areas of responsibility pertaining sustainability and identifying Key Performance Indicators within each theme are amongst RTB's top priorities in FY2018.

IDENTIFYING OUR SUSTAINABILITY THEMES

As a group of companies who recognise that achievement of short, medium and long term objectives are highly reliant on our employees. Internal Stakeholders and a select group of External Stakeholders were our primary source of information on Sustainability issues and concerns.

We initiated critical thinking sessions to better understand "What Sustainability means to RTB and what can RTB do to help contribute to its Economy, Environment and Social audiences".

Finance, Human Resources, Production, Health and Safety and Office Administration business process owners and teams were engaged to explore Sustainability issues and concerns. The underlying theme and point of interest in all sessions were Sustainability. Resultant from this, our key themes and mottos of Sustainability were identified and are as follows.

- **Health and Safety** – "Safety doesn't happen by accident"
- **Talent Retention and Development** – "We can't stop our employees from leaving unless we have a plan to make them stay"
- **Electricity, water and paper conservation** – "Small changes make a big difference"
- **Our surrounding communities** – "Without a sense of caring, there can be no sense of community"

We acknowledge that our existing themes will evolve and grow as RTB pursues its objectives.

HEALTH AND SAFETY

Each member of RTB is responsible for acting in a way that creates and maintains the highest standards of safety in the workplace. Considering the industry we operate in, it is vital that we conduct our business with health and safety in mind at all times. We are committed to ensuring our workplace is safe and employees are provided with safety and health knowledge and tools.

These duties to our employees are overseen by our qualified Safety Officer and Safety and Health committee. Our committee consists of a balanced number of employees from both management and employee groups.

On each manufacturing day, factory employees are engaged in toolbox meetings. These meetings serve as purpose to communicate and re-iterate the importance of health and safety at the workplace. All meetings are conducted and minuted by our Safety Officer.

Our workplace environment is also subject to random and monthly inspections by the Safety officer. Good practices and violations observed are recorded, communicated back to area persons in charge, monitored and reported in monthly meetings.

OUR SUSTAINABILITY JOURNEY AND PLANS FOR FY2018 (CONT'D)

Heavy machinery in use at our factory premises are subject to independent inspections by officers of regulatory bodies, i.e. Department of Occupational Safety and Health - DOSH. As at 31 December 2017, all heavy machinery of ours had valid certificates of fitness issued by DOSH.

To encourage and continuously improve our health and safety environment, we include Safety and Health performance indicators within employee performance appraisal systems.

RTB's Health and Safety policy also ensures that all persons entering factory premises have undergone safety briefings, been provided adequate Personal Protective Equipment, and if applicable, is escorted by authorised personnel.

Workplace accidents, incidents and instances of non-compliances, and loss-time injuries are amongst what RTB is currently considering as Sustainable Key Performance Indicators.

TALENT RETENTION AND DEVELOPMENT

At RTB, we recognise that continuous development of staff is integral for better performance in all aspects of business. In FY 2017, further-education sponsorships and examination leave days were awarded to 4 employees who pursued fields of higher study in disciplines such as Accountancy, Engineering and Safety & Health.

Our other efforts at retaining and developing talent include the introduction of shortened workhours per day from 8.5 daily workhours to a 7.5 workhours. This policy was introduced to encourage workplace efficiency and "Rumah-Tangga" happiness.

Our Human Resources unit has represented functions dedicated to ensure continuous development (i.e. technical, non-technical, health, safety and awareness) of our employees. Our performance appraisal system and open-workplace culture helps ensure we better understand the performance development needs of our employees.

Testament to this is that we have spent more than RM170,000 of our "Human Resources Development (HRDF) Fund" in training programs, which left us with a balance of RM24,000 as at 31 December 2017. Balancing operational and employee development needs against short, medium and long term objectives of RTB is viewed as integral for success.

ELECTRICITY, WATER AND PAPER CONSERVATION

At water outlet areas, electrical switches and print stations of our office and manufacturing plants, we've placed conservation reminder stickers that aim to communicate the importance of conservation and management's direction, tone and views on conservation efforts.

Our email footers have also been enhanced to include "think before you print" reminders and employees whom essentially need to use printer services are reminded to use each available side of a piece of paper. RTB's most recent initiative and conservation based actions was the fitting of paper, plastic and aluminium recycling bins in offices and manufacturing plants.

OUR SURROUNDING COMMUNITIES

In Q1 2017, RTB donated food and basic necessities to members of the Bentong community that were affected by flood. The satisfaction attained from this charitable deed was rewarding and we, RTB, hope to always assist our communities.

CONCLUSION

Sustainability reporting requirements have enabled us to re-look at our operations and determine again if our resources have been rightfully prioritised.

The formalisation of our Governance Structures, call-to-office of our Sustainability Officer, finalising of roles and responsibilities, and continuous embedding of sustainability concepts within business processes are some of our key milestone events we at RTB are looking forward to in FY2018.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEED

The total proceeds generated from the Issuance of Shares pursuant to private placement will be utilised as follows:-

Purpose	Intended Timeframe for Utilisation	Proposed Utilisation (previous)	Proposed Utilisation (revised)	Actual Utilisation up to 26/3/2018
		RM'000	RM'000	RM'000
i) Establish new facilities at Lot 5C & 5D in Bentong, Pahang	12 months	5,700	5,700	-
ii) Project investment for Mini hydropower plant in Indonesia	12 months	5,000	5,000	-
iii) Establish a new fabrication facility in Indonesia	24 months	* 4,300	-	-
iv) Purchase of machinery and equipment to upgrade existing facilities in Bentong, Pahang	24 months	4,260	4,260	-
v) Working capital	24 months	3,000	3,000	3,000
vi) Estimated expenses for the Proposed Regularisation Plan	1 month	4,200	4,200	4,200
vii) Partial funding of the cash consideration for the purchase of HGPT	24 months	-	* 4,300	* 4,300
Total gross proceeds		26,460	26,460	11,500

* On 27 October 2017, the Company announced to vary the utilisation of establishment of a new fabrication facility in Indonesia to partial funding of the cash consideration for the purchase of HGPT.

2. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, GROUP CHIEF EXECUTIVE OFFICER AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of Directors and/or chief executive and/or major shareholders, either still subsisting at the end of FY2017 or entered into since the end of the previous financial year.

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors of the Company and the Group for FY2017 are as follows:

Details of fees	Group RM'000	Company RM'000
Statutory Audit fees	266,740	45,000
Non-Audit fees	686,800	686,800
	953,540	731,800

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

The Company did not enter into any RRPT which requires the shareholders' mandate during the financial year ended 31 December 2017.

5. IMPOSITION OF SANCTIONS AND/OR PENALTIES

On 3 April 2017, Bursa Malaysia Securities Berhad has publicly reprimanded Tecnic Group Berhad and three (3) of its former Directors for breaching the Bursa Securities Main Market Listing Requirements ("MMLR"). In addition, the three (3) former Directors at the material time has been fined a total of RM150,000.

The Companies Act 2016 (“Act”) Requires The Board Of Directors To Prepare Financial Statements Which Give A True And Fair View Of The State Of Affairs Together With The Results And Cash Flows Of The Company And The Group For Each Financial Year. As Required By The Act And The MMLR, The Financial Statements For FY2017 Have Been Prepared In Accordance With The Applicable Approved Financial Reporting Standards Issued By The Malaysian Accounting Standards Board And Provisions Of The Act.

In preparing the financial statements for FY2017 set out on pages 70 to 155 of this Annual Report, the Board considers that the Company and the Group have adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board also acknowledges that the Company and the Group have prepared the financial statements on a going concern basis.

The Board has the responsibility for ensuring that the Company and the Group maintain accounting records that disclose the financial position of the Company and the Group with reasonable accuracy which enable them to ensure that the financial statements are in compliance with the Act.

The Board also has the overall responsibility to take such steps that are reasonably available for them to safeguard the assets of the Company and the Group as well as to prevent and detect fraud in addition to other irregularities.

This Statement of Directors' Responsibility is made in accordance with a resolution passed by the Board on 26 March 2018.

FINANCIAL STATEMENT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

CHANGE OF NAME

On 10 March 2017, the Company changed its company name from Tecnic Group Berhad to Rohas Tecnic Berhad.

RESULTS

	Group RM	Company RM
Profit for the financial year	4,570,589	4,559,163
Attributable to:-		
Owners of the Company	3,059,384	4,559,163
Non-controlling interests	1,511,205	-
	4,570,589	4,559,163

DIVIDENDS

Dividends paid since the end of the previous financial year are as follows:-

	RM
In respect of financial year ended 31 December 2017 :	
A special dividend of 49 sen on 40,397,333 ordinary shares, paid on 15 February 2017.	19,794,693
An interim single tier dividend of 1 sen on 472,657,651 ordinary shares, paid on 26 December 2017.	4,726,577
	24,521,270

The Director recommend a final single tier dividend of 1.5 sen per share in respect of the current financial year for the shareholders' approval at the forthcoming Annual General Meeting. The current financial statements does not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah (Appointed on 8 March 2017)
Leong Wai Yuan (Appointed on 8 March 2017)
Wong Mun Keong (Appointed on 8 March 2017)
Mohamed Tarmizi Bin Ismail (Appointed on 8 March 2017)
Amirul Azhar Bin Baharom
Sia Bun Chun (Appointed on 8 March 2017)
Chee Suan Lye (Appointed on 8 March 2017)
Dr. Ir. Jeyanthi A/P Ramasamy (Appointed on 23 August 2017)
Shahrulanuar Bin Ishak (Appointed on 9 March 2018)
Gan Chia Siang (Resigned on 8 March 2017)
Gan Poh San (Resigned on 8 March 2017)
Ng Wan Cher @ Ng Guan Cher (Resigned on 8 March 2017)
Tan Jing Pho (Resigned on 8 March 2017)
Dato' Gan Kim Huat (Resigned on 8 March 2017)
Teo Chee Kok (Resigned on 31 March 2017)
Tan Sri Hussin Bin Haji Ismail (Resigned on 16 August 2017)

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are :-

Harianto Taruna
Ramlan Bin Safri
Rishabh Dev Khaitan

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interest in the ordinary shares of the Company and its related corporations of these who were Directors as at year end (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Interests in the Company				
Direct interests				
Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah	-	46,055,710	-	46,055,710
Sia Bun Chun	-	29,998,109	-	29,998,109
Indirect interests				
Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah*	-	170,843,531	10,100,00	160,743,531
Sia Bun Chun*	-	39,662,968	-	39,662,968

(*) Indirect interest by virtue shares held by spouse.

DIRECTORS' INTERESTS (cont'd)
By virtue of Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah and Sia Bun Chun's interests in the shares of the Company, they are also deemed interested in the shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS
The Directors' remuneration is disclosed in Note 26 to the financial statements.

During and at the end of the financial year, there was no subsisted arrangements to which the Company is a party, being arrangements with the objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the Notes 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES
During the financial year, the Company issued:-

a. 317,460,318 new ordinary shares at an issue price of RM0.63 per ordinary share for RM200,000,000 as discharge of the purchase consideration for an acquisition of a subsidiary during the financial year.
b. 42,000,000 new ordinary shares at an issue price of RM0.63 per ordinary share for a total cash consideration of RM26,460,000 for working capital purposes.
c. 72,800,000 new ordinary shares at an issue price of RM0.95 per ordinary share, in total RM69,160,000 as partial discharge of the purchase consideration for an acquisition of a subsidiary during the financial year.

There were no debentures during the financial year.

OTHER STATUTORY INFORMATION
Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were not bad debts to be written off; and
b. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

a. which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
c. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
d. not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

a. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
b. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)
In the opinion of the Directors:-

a. no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
b. the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
c. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS
The Company maintains Directors and officers liabilities insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year which provides appropriate insurance cover for the Directors and officers of the Company and its subsidiaries. The amount of insurance premium paid during the financial year amounted to RM47,710.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR
The significant events during the financial year are disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The Auditors' remuneration is disclosed in Note 22 to the financial statements.

No indemnity was given to or insurance effected for Messrs Grant Thornton Malaysia.

The Auditors, Messrs Grant Thornton Malaysia, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

TAN SRI NIK AWANG @	)	
WAN AZMI BIN WAN HAMZAH	)	
	)	
	)	DIRECTORS
	)	
SIA BUN CHUN	)	

Kuala Lumpur
26 March 2018

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 70 to 155 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

TAN SRI NIK AWANG @
WAN AZMI BIN WAN HAMZAH

SIA BUN CHUN

Kuala Lumpur
26 March 2018

STATUTORY DECLARATION

I, Shahrulanuar Bin Ishak, being the Director primarily responsible for the financial management of Rohas Tecnic Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 70 to 155 and the supplementary information are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed at Kuala Lumpur in	)	**SHAHRULANUAR BIN ISHAK**
the Federal Territory this day of	)	
26 March 2018	)	

Before me:

Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rohas Tecnic Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 155.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financing statements of the Group and of the Company as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for doubtful debts

The risk

Refer to the Note 11 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired. The key associate risk is the recoverability of billed trade receivables due to management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

We have challenged management's assumptions in determining the allowance for doubtful debts. This includes reviewing the ageing of receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior years. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant control procedures that management has in place.

Our finding

As a result, we satisfied ourselves that allowance for receivables have been provided in line with the policy and we found the estimates to be in line with our expectation.

Inventories valuation net

The risk

The Group holds a significant amount of inventories which are subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to risks such as inventories prices not valid and inventories not stated at the lower of cost and net realisable value.

Our response

For both finished goods and raw materials, we tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historic loss rates.

Our finding

As a result, we satisfied ourselves that both inventories have been prepared in line with the policy and we found the estimates to be in line with our expectation.

Revenue recognition for construction contract

The risk

There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion of method made by management in applying the Group's revenue recognition policy to construction contract entered into by the Group. The nature of these judgements result in them being susceptible to management override.

Contract revenue should include the amount agreed in the initial contract, plus revenue from alterations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

Our response

We performed a range of audit procedures which included obtaining a sample of contracts or letter of awards, reviewing for change orders or variation orders, reviewing estimated profit and costs to complete and enquiry of key personnel regarding adjustments for job costing and potential contract losses.

Our finding

As a result, we satisfied ourselves that revenue and cost recognition have been prepared in line with the policy and we found the estimates to be in line with our expectation.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safe guards.

From the matters communicated with the Directors, we determined those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matters

1. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.
2. The financial statements of the Company as at 31 December 2016 were audited by another firm of Chartered Accountants whose auditors' report dated 10 February 2017 expressed an unqualified opinion on their financial statements.

GRANT THORNTON MALAYSIA (NO. AF: 0737) CHARTERED ACCOUNTANTS	**FOO LEE MENG** (NO: 03069/07/2019(J)) CHARTERED ACCOUNTANT

Kuala Lumpur
26 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	RTB GROUP 2017 RM	REI GROUP 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	46,684,452	32,435,864	-	-
Investment in subsidiaries	5	-	-	291,660,000	-
Investment in an associate	6	4,134,217	4,255,816	-	-
Other investments	7	1,959,674	1,689,041	-	-
Deferred tax assets	8	3,855,901	2,785,577	-	-
Goodwill on consolidation	9	7,544,540	-	-	-
Total non-current assets		64,178,784	41,166,298	291,660,000	-
Current assets					
Inventories	10	117,378,359	74,352,211	-	-
Trade and other receivables	11	313,797,470	105,251,925	7,595,426	3,237,890
Amount due from contract customers	12	93,516,733	20,237,985	-	-
Tax recoverable		3,714,498	2,417,369	10,872	-
Cash and bank balances, deposits and short-term placements	13	104,685,322	44,794,208	20,265,917	23,170,697
Total current assets		633,092,382	247,053,698	27,872,215	26,408,587
TOTAL ASSETS		697,271,166	288,219,996	319,532,215	26,408,587
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	14	299,484,409	68,377,306	299,484,409	4,039,733
Other reserves	15	(101,873,394)	7,040,792	-	-
Retained earnings	16	116,288,097	118,110,239	2,133	19,964,240
		313,899,112	193,528,337	299,486,542	24,003,973
Non-controlling interests		29,628,436	-	-	-
Total equity		343,527,548	193,528,337	299,486,542	24,003,973
LIABILITIES					
Non-current liabilities					
Borrowings	17	18,339,652	2,873,350	15,000,000	-
Deferred tax liabilities	8	211,982	234,130	-	-
Finance lease liabilities	18	987,659	485,214	-	-
Retirement benefits	19	5,830,084	4,930,507	-	-
Total non-current liabilities		25,369,377	8,523,201	15,000,000	-
Current liabilities					
Trade and other payables	20	205,519,846	47,071,511	45,673	2,404,614
Amount due to contract customers	12	15,817,405	3,037,920	-	-
Borrowings	17	105,599,769	34,900,226	5,000,000	-
Finance lease liabilities	18	911,389	447,049	-	-
Tax payable		525,832	711,752	-	-
Total current liabilities		328,374,241	86,168,458	5,045,673	2,404,614
Total liabilities		353,743,618	94,691,659	20,045,673	2,404,614
TOTAL EQUITY AND LIABILITIES		697,271,166	288,219,996	319,532,215	26,408,587

The accompanying notes form an integral part of the financial statements of Rohas Tecnic Berhad and its subsidiaries ("RTB GROUP"). The audited financial statements of Rohas-Euco Industries Bhd and its subsidiaries ("REI GROUP") as at 31 December 2016 is presented as the comparative following the Regularisation Plan of the Company as explained in Note 2.1 to the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	21	310,879,468	189,122,716	10,256,596	-
Cost of sales		(237,092,243)	(130,191,149)	-	-
Gross profit		73,787,225	58,931,567	10,256,596	-
Other income		5,947,565	3,465,551	483,752	3,307,473
Distribution expenses		(1,367,254)	(2,777,420)	-	-
Administration expenses		(31,520,701)	(23,196,833)	(863,235)	(818,974)
Operating profit		46,846,835	36,422,865	9,877,113	2,488,499
Regularisation plan expenses		(4,007,276)	-	(4,007,276)	-
Acquisition-related expenses		(1,305,240)	-	(1,305,240)	-
Finance costs		(4,381,672)	(1,759,890)	(5,567)	-
Share-based payment expenses		(21,413,993)	-	-	-
Share of loss of equity-accounted associate		(153,311)	(109,444)	-	-
Profit before tax	22	15,585,343	34,553,531	4,559,030	2,488,499
Tax (expense)/income	23	(11,014,754)	(9,200,621)	133	157
Profit after tax		4,570,589	25,352,910	4,559,163	2,488,656
Other comprehensive income, net of tax:					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefit obligation		(418,161)	-	-	-
Tax effect on items that will not be reclassified to profit or loss		101,828	-	-	-
Items that will be reclassified subsequently to profit of loss					
Foreign currency translation for foreign operations		1,123,458	(145,500)	-	-
Gain on fair value changes on available-for-sale investments		249,801	7,461	-	-
Total other comprehensive income		1,056,926	(138,039)	-	-
Total comprehensive income for the financial year		5,627,515	25,214,871	4,559,163	2,488,656
Profit after tax attributable to:					
Owners of the Company		3,059, 384	25,352,910	4,559,163	2,488,656
Non-controlling interests		1,511,205	-	-	-
		4,570,589	25,352,910	4,559,163	2,488,656
Total comprehensive income attributable to:					
Owners of the Company		4,037,566	25,214,871	4,559,163	2,488,656
Non-controlling interests		1,589,949	-	-	-
		5,627,515	25,214,871	4,559,163	2,488,656
Earnings per share attributable to owners of the Company (sen)					
- Basic	24	0.65	37		
- Diluted	24	0.65	37		

The accompanying notes form an integral part of the financial statements of Rohas Tecnic Berhad and its subsidiaries ("RTB GROUP"). The audited financial statements of Rohas-Euco Industries Bhd and its subsidiaries ("REI GROUP") as at 31 December 2016 is presented as the comparative following the Regularisation Plan of the Company as explained in Note 2.1 to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Attributable to owners the Company								
			Non-distributable				Distributable			
	Note	Share capital RM	Share premium RM	Reserve upon consolidation RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
REI Group										
At 1 January 2016		68,377,306	5,409,923		1,118,144	650,764	91,173,268	166,729,405	8,952,731	175,682,136
Fair value of available-for-sale financial assets		-	-	-	7,461	-	-	7,461	-	7,461
Foreign currency translation for foreign operations		-	-	-	-	(145,500)	-	(145,500)	-	(145,500)
Profit after tax		-	-	-	-	-	25,352,910	25,352,910	-	25,352,910
Total comprehensive income for the financial year		-	-	-	7,461	(145,500)	25,352,910	25,214,871	-	25,214,871
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	(6,627,808)	(6,627,808)
Accretion of interest in an existing subsidiary		-	-	-	-	-	1,565,923	1,565,923	(2,324,923)	(759,000)
Acquisition of subsidiary		-	-	-	-	-	18,138	18,138	-	18,138
Total transactions with owners		-	-	-	-	-	1,584,061	1,584,061	(8,952,731)	(7,368,670)
At 31 December 2016		68,377,306	5,409,923	-	1,125,605	505,264	118,110,239	193,528,337	-	193,528,337
RTB Group										
Adjustment for the effects of Companies Act, 2016		5,409,923	(5,409,923)	-	-	-	-	-	-	-
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-
Fair value of available-for-sale financial assets		-	-	-	171,057	-	-	171,057	78,744	249,801
Foreign currency translation for foreign operations		-	-	-	-	1,123,458	-	1,123,458	-	1,123,458
Remeasurement of retirement benefit obligation		-	-	-	-	-	(316,333)	(316,333)	-	(316,333)
Profit after tax		-	-	-	-	-	3,059,384	3,059,384	1,511,205	4,570,589
Total comprehensive income for the financial year		5,409,923	(5,409,923)	-	171,057	1,123,458	2,743,051	4,037,566	1,589,949	5,627,515
Adjustment arising from Regularisation Plan		(69,747,496)	-	(104,798,778)	-	-	161,384	(174,384,890)	-	(174,384,890)
Issue of ordinary share										
-Acquisition of subsidiaries		269,160,000	-	-	-	-	-	269,160,000	28,038,487	297,198,487
-Public issue		26,284,676	-	-	-	-	-	26,284,676	-	26,284,676
Dividend paid	25	-	-	-	-	-	(4,726,577)	(4,726,577)	-	(4,726,577)
Total transactions with owners		225,697,180	-	(104,798,778)	-	-	(4,565,193)	116,333,209	28,038,487	144,371,696
At 31 December 2017		299,484,409	-	(104,798,778)	1,296,662	1,628,722	116,288,097	313,899,112	29,628,436	343,527,548

The accompanying notes form an integral part of the financial statements of Rohas Tecnic Berhad and its subsidiaries ("RTB GROUP"). The audited financial statements of Rohas-Euco Industries Bhd and its subsidiaries ("REI GROUP) as at 31 December 2016 is presented as the comparative following the Regularisation Plan of the Company as explained in Note 2.1 to the financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners the Company		
		Distributable		
	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 January 2016		4,039,733	17,475,584	21,515,317
Total comprehensive income for the financial year		-	2,488,656	2,488,656
At 31 December 2016		4,039,733	19,964,240	24,003,973
Transations with owners:				
Issue of ordinary shares				
- Acquisition of subsidiaries		269,160,000	-	269,160,000
- Public issue		26,284,676	-	26,284,676
Dividends	25	-	(24,521,270)	(24,521,270)
Total transactions with owners		295,444,676	(24,521,270)	270,923,406
Total comprehensive income for the financial year		-	4,559,163	4,559,163
At 31 December 2017		299,484,409	2,133	299,486,542

The accompanying notes form an integral part of the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	RTB Group 2017 RM	REI Goup 2016 RM	Company 2017 RM	Company 2016 RM
OPERATING ACTIVITIES				
Profit before tax	15,585,343	34,553,531	4,559,030	2,488,499
Adjustments for:-				
Allowance for impairment losses on receivables	2,975,287	2,668,218	-	-
Allowance for impairment losses on receivables no longer required	(748,838)	(1,378,580)	-	-
Depreciation	4,058,472	3,508,834	-	-
Dividend income	(63,125)	(45,404)	(10,256,596)	-
Interest expenses	4,381,672	1,704,558	5,567	-
Interest income	(1,170,323)	(472,289)	(483,752)	(840,900)
Net loss/(gain) on other investment	-	-	-	(249,328)
Net loss/(gain) on disposal of property, plant and equipment	(33,108)	11,199	-	-
Property, plant and equipment written off	-	48	-	-
Net unrealised loss/(gain) on foreign exchange	688,693	522,480	-	-
Reimbursement of professional fees	-	-	-	(2,217,245)
Retirement benefits	481,416	470,629	-	-
Share-based payment expenses	21,413,993	-	-	-
Share of loss of associate	153,311	109,444	-	-
Impairment of goodwill on consolidation	-	17,272	-	-
Operating profit/(loss) before working capital changes	47,722,793	41,669,940	(6,175,751)	(818,974)
Changes in working capital:-				
Amounts due from/(to) contract customers	(40,985,745)	(23,006,719)	-	-
Inventories	(15,846,410)	21,552,447	-	-
Bills payable	5,834,911	(4,256,258)	-	-
Receivables	(38,865,366)	(9,766,287)	3,279,786	(3,236,890)
Payables	58,642,028	5,678,839	(2,364,508)	2,192,519
Cash generated from/(used in) operations	16,502,211	31,871,962	(5,260,473)	(1,863,345)
Interest paid	(131,573)	(307,522)	-	-
Income tax paid, net of refund	(13,327,062)	(5,655,596)	(10,739)	1,049
Net cash from/(used in) operating activities	3,043,576	25,908,844	(5,271,212)	(1,862,296)

	Note	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	5(ii)	(19,304,506)	-	(22,500,000)	-
Interest received		1,170,323	472,289	440,856	-
Dividends received		63,125	45,404	4,726,577	-
Purchase of property, plant and equipment	A	(2,784,293)	(1,849,925)	-	-
Proceeds from disposal of property, plant and equipment		153,871	532,930	-	-
Withdrawn of fixed deposits		5,360,663	-	-	-
Proceeds from disposal of other investments		-	-	-	1,090,228
Purchase of other investments		(20,832)	-	-	-
Capital reduction in associate		-	3,266,583	-	-
Accretion of interest in an existing subsidiary		-	(759,000)	-	-
Net cash (used in)/from investing activities		(15,361,649)	1,708,281	(17,332,567)	1,090,228
FINANCING ACTIVITIES					
Advances to subsidiaries		-	-	(2,064,407)	-
Advances to company which Director has interest		(195,732)	(109,985)	-	-
Advances to associate		(5,437,406)	-	-	-
Advances to related parties		(80,621)	-	-	-
Repayment from holding company		-	3,816	-	-
Interest paid		(4,250,099)	(1,397,036)	-	-
Dividends paid		(4,726,577)	-	(24,521,270)	-
Drawdown of revolving credit		23,655,800	3,237,000	20,000,000	-
Repayment of term loan		(285,161)	(124,693)	-	-
Proceeds from issuance of share capital pursuant to private placement		26,284,676	-	26,284,676	-
Dividends paid to non-controlling interests		-	(6,627,808)	-	-
Increase in cash at bank pledge		(510,795)	-	-	-
Repayment of finance lease liabilities		(624,903)	(1,443,126)	-	-
Net cash from/(used in) financing activities		33,829,182	(6,461,832)	19,698,999	-
CASH AND CASH EQUIVALENTS					
Net changes		21,511,109	21,155,293	(2,904,780)	(772,068)
Effect of exchange rate fluctuations on bank balances		1,524,917	(451,474)	-	-
Brought forward		44,794,208	24,090,389	23,170,697	23,942,765
Carried forward	B	67,830,234	44,794,208	20,265,917	23,170,697

NOTES TO THE STATEMENTS OF CASH FLOWS

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Total purchase of property, plant and equipment	2,784,293	2,238,465	-	-
Less: Acquisition by means of finance lease liabilities	-	(388,540)	-	-
Total cash paid	2,784,293	1,849,925	-	-

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Deposits with financial institutions	31,923,321	-	-	-
Deposits with fund management corporations	33,314,364	37,121,652	20,025,134	23,141,396
Cash and bank balances	39,447,637	11,672,556	240,783	29,301
	104,685,322	44,794,208	20,265,917	23,170,697
Less: Deposits pledged	(33,585,957)	-	-	-
Less: Bank overdraft	(3,269,131)	-	-	-
Total cash and cash equivalents	67,830,234	44,794,208	20,265,917	23,170,697

The accompanying notes form an integral part of the financial statements of Rohas Tecnic Berhad and its subsidiaries ("RTB GROUP"). The audited financial statements of Rohas-Euco Industries Bhd and its subsidiaries ("REI GROUP) as at 31 December 2016 is presented as the comparative following the Regularisation Plan of the Company as explained in Note 2.1 to the financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur and the principal place of business of the Company is located at 15th floor, West Wing, Rohas PureCircle, 9, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a Board of Directors'meeting held on 26 March 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Regularisation Plan

On 21 September 2015, the Company announced that it had entered into a non-binding MOU with Rohas-Euco Holdings Sdn Bhd ("Vendor") in relation to a proposed reverse take-over of the Company by the Vendor, which entailed the Company acquiring all the equity interest held by the Vendor in Rohas-Euco Industries Bhd. and its subsidiaries ("REI Group") comprising 68,377,306 ordinary shares of RM1.00 each for a total purchase consideration of RM200,000,000 ("Regularisation Plan"). The Regularisation Plan was part of the Company's plan to maintain its listing status on the Main Market of Bursa Securities. Upon completion of the Share Sale Agreement on 8 March 2017, the Company became the holding company.

The consolidated financial statements of the entity are issued under the name of the holding company, that is the Company. However, it represents a continuation of the historical financial statements of the subsidiary, that is,

(i) the Consolidated Statements of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flow relates to the period from 1 January 2017 to 31 December 2017 of the Group.

(ii) the audited Consolidated Statements of Financial Position of REI Group as at 31 December 2016 has been presented as the comparative for Consolidated Statements of Financial Position.

The accounting policies, estimates and judgements adopted in this financial statements are consistent with those adopted in the audited financial statements of REI Group for the year ended 31 December 2016.

2.2. Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

2.3. Basis of Measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.3. Basis of Measurement (cont'd)

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 2 or value in use in MFRS 136.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.4. Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5. MFRS

2.5.1. Adoption of Amendments/Improvements to MFRS

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRS which are mandatory for the financial periods beginning on or after 1 January 2017.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for:

<u>Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative</u>

The Group and the Company have applied these amendments for the first time in the current year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The information are provided in Note 31. Consistent with the transition provisions of the amendments, the Group and the Company have not disclosed comparative information for the prior period.

2.5.2. Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

MFRS, Amendments to MFRS and IC Interpretation effective 1 January 2018:-

Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions
MFRS 9, Financial Instruments
MFRS 15, Revenue from Contracts with Customers
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts
Amendments to MFRS 140 Investment Property: Transfer of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
IC Interpretation 22 Foreign Currency Translations and Advance Consideration

MFRS and Amendments to MFRS effective 1 January 2019:-

Amendments to MFRS 9 Financial Instrument: Prepayment Features with Negative Compensation
MFRS 116 Leases
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
IC Interpretation 23 Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 MFRS (Cont'd)

2.5.2. Standards Issued But Not Yet Effective (Cont'd)

MFRS effective 1 January 2021:-

MFRS 17 Insurance Contracts

Amendments to MFRS – effective date deferred indefinitely

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group and the Company plan to adopt the new standards on the required effective date and will not restate comparative information. During 2017, the Group and the Company have performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company will adopt MFRS 9. Overall, the Group and the Company expect no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of MFRS 9. In addition, the Group and the Company will implement changes in classification of certain financial instruments.

a. Classification and measurement of Financial Assets

The Group and the Company do not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss.

The fair value adjustment reserve currently presented as accumulated OCI, will be reclassified to retained earnings.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group and the Company will apply the option to present fair value changes in OCI, and, therefore, believes the application of MFRS 9 would not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

b. Impairment of Financial Assets

MFRS 9 requires the Group and the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected losses on its loans and receivables. The Group and the Company do not expect any impact on their statements of financial position or equity.

c. Hedge Accounting

The Group and the Company do not apply hedge accounting and do not expect any impact on the Group's and the Company's financial position.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5. MFRS (cont'd)

2.5.2. Standards Issued But Not Yet Effective (cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company plan to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group and the Company performed a preliminary assessment of MFRS 15, which was continued with a more detailed analysis completed in 2017.

a. Sale of Goods

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to MFRS 15, the Group considers variable consideration of the sales transaction. Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under MFRS 15 and will be required to be estimated at contract inception.

MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

The Group has performed an initial assessment on sales of goods and does not expect that there will be significant impact on the financial statements.

b. Rendering of Services

The Group recognises service revenue by reference to the stage of completion. Under MFRS 15, allocation will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted.

The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point in time.

c. Contract Project

The revenue arising from the contract project are assessed as fulfilled the criteria of sales over time under the MFRS 15. The revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measured of contract progress or contract price is revised and the cumulative percentage of completion is reassessed at each reporting date.

Under MFRS 15, claims and variations will be included in the contract accounting when they are approved.

The Group has performed an initial assessment on contract project and do not expect that there will be significant impact on financial statements.

d. Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions. Under MFRS 15, the assessment will be based on whether the Group controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The Group has performed an initial assessment on these transactions and do not expect that there will be significant impact on its financial statements.

e. Presentation and Disclosure Requirements

MFRS 15 provides presentation and disclosure requirements, which are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are completely new. The Group is in the progress of developing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases,* IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 11.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group plans to assess the potential effect of MFRS 16 on its financial statements in 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.6. Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful Lives of Depreciable Assets

The management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The management estimates the useful lives of the property, plant and equipment to be within 3 to 66 years and reviews the useful lives of depreciable assets at each reporting date. The carrying amount is analysed in Note 4 to the financial statements. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's assets.

Impairment of Non – Financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 9 to the financial statements.

Construction Contracts

The Group recognises contract revenues and contracts costs by using the stage of completion method. The stage of completion is measured by reference to the proportion of the expenses incurred to date to the estimated total contract costs.

The Group's management assess the profitability of on-going contracts and the order backlog at least monthly. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

The carrying amount of the Group's contracts at the end of the reporting date is disclosed in Note 12 to the financial statements.

Inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectation differs from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 10 to the financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.6. Significant Accounting Estimates and Judgements (Cont'd)

Impairment of Loans and Receivables

The Group and the Company assess at each end of the reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amount of the Group's and of the Company's receivables at the end of the reporting date is disclosed in Note 11 to the financial statements.

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration.

If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The carrying value of the Group's deferred tax assets at the end of the reporting date is disclosed in Note 8 to the financial statements.

Income Tax/Deferred Liabilities

Judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Retirement Benefits

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate and the staff turnover rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about the assumptions used are given in Note 19 to the financial statements.

Fair Value of Financial Instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instruments. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.6. Significant Accounting Estimates and Judgements (cont'd)

Significant Management Judgement

The following is significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

Leases
In applying the classification of leases in MFRS 117, management considers some of its leases of leasehold land as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group or the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.15 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Consolidation (Cont'd)

3.1.3 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the fair value at acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRSs.

Goodwill in initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.4 Reserve Upon Consolidation

The Company is a non-operating public company.

On 8 March 2017, the Company acquired 68,377,306 ordinary shares representing the entire issued and paid-up shares capital of Rohas-Euco Industries Berhad ("REI") and its subsidiaries ("REI Group") for a total purchase consideration of RM200,000,000 which were satisfied by the issuance of 317,460,318 new ordinary shares in the Company, at an issue of price of RM0.63 per share.

Upon completion of the acquisition of REI Group, the Company became the legal holding company of REI Group whereas the former shareholders of REI Group to whom the 317,460,318 shares were allotted became the majority shareholders of the Company, controlling about 100% of the issued and paid-up share capital of the Company. Further, the Company's key executive management are those of REI Group. In accordance with MFRS 3 Business Combinations, the substance of such business combination between the Company and REI Group constituted a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be REI (that is the legal subsidiary, accounting parent) and the Company (that is the legal holding company, the accounting subsidiary) respectively.

However, REI obtained effective control over the Company that is not a business combination and therefore is outside of the scope of MFRS 3. Although this is not a business combination under MFRS 3, the accounting result is similar to reverse acquisition accounting.

3.1.5 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as the equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.6 Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interests even if that results in a deficit balance.

3.1.7 Changes in Ownership Interests in Subsidiaries without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.8 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared as of the same reporting period to the Group. Where necessary, adjustments are made to bring the accounting policies of the associate companies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognise the amount in the share of profit of an equity-accounted associate in profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign Currency Translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 Foreign Operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2011 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Group and the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Land on long term lease	Over period of the lease
Freehold land and buildings	2-3%
Long term leasehold land, factory and buildings	57-98 years
Buildings	2%
Plant and machinery	10-20%
Furniture, fittings and office equipment	20 – 33⅓%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

3.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.4.1 Finance Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

3.4.2 Operating Leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they incurred.

3.5 Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial Assets – Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

a. loans and receivables;

b. financial assets at fair value through profit or loss;

c. held-to-maturity investments; and

d. available-for-sale investments.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

At the reporting date, the Group and Company have not designated any financial assets at fair value through profit or loss and held-to-maturity investments. The Group and the Company carry only loans and receivables and available-for-sale financial assets on their statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less allowance for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most of other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

Financial Assets – Categorisation and Subsequent Measurement (Cont'd)

Available-for-sale investments

Available for sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available for sale investments are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available for sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliable measured are measured at cost less impairment loss.

Available for sale investments are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Financial Liabilities - Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss, other financial liabilities are measured at amortised cost using the effective interest method and financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss. The Group and the Company carry only other financial liabilities measured at amortised cost on their statements of financial position.

Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities include borrowings, trade and other payables and finance lease liabilities.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Inventories

Inventories, comprising raw materials, packing materials and consumables, work-in-progress and finished/trading goods are stated at the lower of cost and net realisable value ("NRV") after adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using weighted average method and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Costs of trading goods are determined using weighted average method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

Net realisable value represents estimated selling price in the ordinary course of business less estimated selling and distribution costs and all other estimated costs to completion.

When inventories are sold and revenue is recognised, the carrying amount of those inventories is recognised as cost of goods sold. Write-down to NRV and inventory losses are recognised as expenses when it occurred and any reversal is recognised in the profit or loss in the period in which the reversal occurs.

3.7 Construction Contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customers under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the end of the reporting period. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the period in which they incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from contracts customers under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to contracts customers under current liabilities.

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be settle a liability of 12 months or more after the end of the reporting period are classified as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of Assets

3.9.1 Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated provision are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If, in a subsequent financial year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the provision account. If a write-off is later recovered, the recovery is recognised in the profit or loss.

Available-for-sale Investments

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale investments are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of Assets (cont'd)

3.9.1 Financial Assets (cont'd)

Unquoted Equity Securities Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.9.2 Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly trade subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

With the Companies Act, 2016 coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve. Gains or losses on available-for-sale financial assets are included in the fair value adjustment reserve.

Retained earnings include all current and prior periods' retained profits.

Interim dividends are simultaneously proposed and declared, because the Articles of Association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as liabilities when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as liabilities.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend is approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.11 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee Benefits Expense

3.12.1 Short Term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary also make contributions to their country's statutory pension schemes.

3.12.3 Retirement Benefits

The Group and the Company operate an unfunded defined benefit plan for a Director and all eligible Malaysian employees. The Group's and the Company's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Net interest expense is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The calculation is performed once every three years by a qualified actuary using the projected credit method.

Re-measurement from defined benefit plan comprises of actuarial gains and losses. The Group and the Company recognise them immediately in other comprehensive income and all expenses related to defined benefit plan in employee benefits are charged to profit or loss. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group and the Company recognise gains or losses on the settlement of a defined benefit plan when settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price.

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue

3.13.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for met for each of to the Group's and the Company's activities as follows:

Construction Revenue

Revenue from construction work is recognised based on percentage of completion method, where the outcome of the contract can be reliably estimated. Stage of completion is based on the total contract cost incurred to date over the estimated total contract costs of a project. Any anticipated loss is recognised in full.

Sale of Goods

Revenue relating to sale of goods is recognised net of sales returns and discount upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Dividend Income

Dividend income and other income from investments are recognised in profit or loss when the right to receive such payment is established.

3.13.2 Other Revenue Recognition

Rental Income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest Income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Management Fee Income

Management fees are recognised when services are rendered.

3.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax Expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.15.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Current tax for current and prior periods is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.15.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowances, being tax incentives that are not tax bases of an asset, are recognised as deferred tax assets to the extent that it is probable that the future taxable profits will be available to offset against the unutilised tax incentive credit.

3.16 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.17 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assets its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Related Parties

A related party is a person or entity that is related to the Group and the Company that is preparing its financial statements. A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

a. A person or a close member of that person's family is related to the reporting entity if that person:-

i. Has control or joint control over the Group and the Company;
ii. Has significant influence over the Group and the Company; or
iii. Is a member of the key management personnel of the Group or the Company.

b. An entity is related to the Group and the Company if any of the following conditions applies:-

i. The entity and the Group or the Company are members of the same group;
ii. The entity is an associate of the Group or the Company;
iii. Both the Group or the Company and the entity are joint ventures of the same third party;
iv. The Group or the Company is a joint venture of a third entity and the entity is an associate of the same third entity;
v. The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company for an entity related to the Group or the Company;
vi. The entity is controlled or jointly-controlled by a person identified in (a) above;
vii. A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity; or
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

3.19 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

4. PROPERTY, PLANT AND EQUIPMENT

REI Group	Land on long term lease RM	Buildings RM	Plant and machinery RM	Furniture, fitting and office equipment RM	Motor vehicles RM	Total RM
Cost						
At 1 January 2016	11,083,318	14,998,865	46,611,332	9,493,373	2,138,768	84,325,656
Additions	-	-	894,966	658,151	685,348	2,238,465
Disposals	-	-	(670,061)	(20,960)	-	(691,021)
Written off	-	-	(457,365)	(17,769)	-	(475,134)
At 31 December 2016	11,083,318	14,998,865	46,378,872	10,112,795	2,824,116	85,397,966
Accumulated depreciation						
At 1 January 2016	2,327,894	3,999,188	29,828,590	6,694,240	1,308,351	44,158,263
Charge for the financial year	223,349	302,645	1,679,295	886,631	416,914	3,508,834
Disposals	-	-	(125,934)	(20,958)	-	(146,892)
Written off	-	-	(457,325)	(17,761)	-	(475,086)
At 31 December 2016	2,551,243	4,301,833	30,924,626	7,542,152	1,725,265	47,045,119
Accumulated impairment losses						
At 1 January 2016/31 December 2016	-	-	5,563,870	353,113	-	5,916,983
Net carrying amount						
At 31 December 2016	8,532,075	10,697,032	9,890,376	2,217,530	1,098,851	32,435,864

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

RTB Group	Freehold land and buildings RM	Land on long term lease RM	Long term leasehold land, factory and building RM	Buildings RM	Plant and machinery RM	Furniture, fitting and office equipment RM	Motor vehicles RM	Total RM
Cost								
At 1 January 2017	-	11,083,318	-	14,998,865	46,378,872	10,112,795	2,824,116	85,397,966
Additions	-	-	257,943	169,811	1,387,271	763,888	205,380	2,784,293
Acquisition through business combination	1,975,000	-	8,149,503	-	20,754,336	2,540,248	5,792,007	39,211,094
Disposals	-	-	-	-	-	-	(164,929)	(164,929)
Foreign exchange differences	-	-	-	-	-	-	(24,296)	(24,296)
At 31 December 2017	1,975,000	11,083,318	8,407,446	15,168,676	68,520,479	13,416,931	8,632,278	127,204,128
Accumulated depreciation								
At 1 January 2017	-	2,551,243	-	4,301,833	30,924,626	7,542,152	1,725,265	47,045,119
Acquisition through business combination	126,400	-	1,598,574	-	16,107,154	1,953,982	3,762,463	23,548,573
Charge for the financial year	3,950	223,089	22,260	303,509	1,936,539	952,738	616,387	4,058,472
Disposals	-	-	-	-	-	-	(44,166)	(44,166)
Foreign exchange difference	-	-	-	-	-	-	(5,305)	(5,305)
At 31 December 2017	130,350	2,774,332	1,620,834	4,605,342	48,968,319	10,448,872	6,054,644	74,602,693
Accumulated impairment losses								
At 1 January 2017/ 31 December 2017	-	-	-	-	5,563,870	353,113	-	5,916,983
Net carrying amount								
At 31 December 2017	1,844,650	8,308,986	6,786,612	10,563,334	13,988,290	2,614,946	2,577,634	46,684,452

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases

The details of assets under finance lease are:-

	RTB Group 2017 RM	REI Group 2016 RM
Motor vehicles	2,335,230	783,130
Plant and machineries	531,704	4,751,054
Net carrying amount	2,866,934	5,534,184

Leased assets are pledged as securities for the related finance lease liabilities are disclosed in Note 18 to the financial statements.

Assets pledged as securities to financial institutions

The net carrying amount of assets pledged as securities for bank borrowings are:-

	RTB Group 2017 RM	REI Group 2016 RM
Land on long term lease	3,302,852	3,397,434
Freehold land and building	1,844,650	-
Buildings	727,929	-
	5,875,431	3,397,434

The details of assets pledged as securities for bank borrowings are disclosed in Note 17 to the financial statements.

5. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost		
- within Malaysia	291,660,000	-

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of companies	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 (%)	Effective ownership interest and voting interest 2016 (%)
Direct subsidiaries of the Company				
Rohas-Euco Industries Bhd.("REI")	Malaysia	Design and fabrication of steel structure for high tension transmission towers, microwave towers and substations structures and provision of other fabrication and installation works.	100	-
HG Power Transmission Sdn. Bhd. ("HGPT")	Malaysia	Contractor for installing electrical transmission lines and provision of other related services.	75	-
Subsidiary of Rohas-Euco Industries Bhd.				
Galvanising Engineering and Services Sdn. Bhd. ["GES"]	Malaysia	Hot-dip galvanising	100	100
APL Tech Industry Sdn. Bhd. ["APL"]	Malaysia	Design, supply and construction of telecommunication infrastructure.	100	100
RBC Water Sdn. Bhd. ["RBC"]	Malaysia	Contractor in the implementation of potable and water treatment projects.	100	100
Hydro Haven Sdn. Bhd. ["HH"]	Malaysia	Dormant	100	100
REI International (HK) Ltd ["REIHK"]	Hong Kong	Investment holding and provision of management services.	100	100
PT REI International ["PTREI"]	Republic of Indonesia	Dormant	100	100
Rohas-Euco (Zhuhai) Management Consulting Co. Ltd. ["RZM"]	People's Republic of China	Dormant	100	100
Subsidiary of REI International (HK) Ltd				
PT REI Abadi Indonesia ["PTRAI"] (1)	Republic of Indonesia	Investment holding and provision of management services	99	99
Held through Hydro Haven Sdn. Bhd.				
PT REI Abadi Indonesia ["PTRAI"] (1)	Republic of Indonesia	Investment holding and provision of management services	1	1
Subsidiaries of HG Power Transmission Sdn. Bhd.				
HG Power Transmission (PNG) Ltd ("PNG") (2)	Papua New Guinea	Contractor for installing electrical transmission lines and provision of other related services	75	-
IAC Electricals (M) Sdn. Bhd. ("IAC")	Malaysia	Fabrication of metal products for transmission towers and fittings	75	-

(1) Audited by Grant Thornton International's member firm.
(2) Audited by a firm other than Grant Thornton Malaysia.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries

i. During the financial year, the Company acquired 68,377,306 ordinary shares representing the entire issued and paid-up share capital of REI for a purchase consideration of RM200,000,000 satisfied entirely by the issuance of 317,460,318 new ordinary shares in the Company, at an issue price of RM0.63 per share.

The share-based payment expense amounting to RM21,413,993 which arose from the Regularisation Plan had been recognised as share-based payment expense and expensed off in the statements of profit or loss and other compre hensive income. This expense is derived as follows:

The fair value of the identifiable assets and liabilities of the Company as at 8 March 2017:-

	RM
Other receivables	3,955,825
Cash and cash equivalents	234,375
Other payables	(150,467)
Total identifiable net assets	4,039,733
Deemed purchase consideration of the Company by REI	(25,453,726)
Share-based payment expenses	(21,413,993)

The reserve upon consolidation as at 8 March 2017 is derived as follows:-

Share capital of the Company immediately before Regularisation Plan	(4,039,733)
New shares issued by the Company to acquire REI	(200,000,000)
Reversal of issued and paid-up share capital of REI pursuant to Regularisation Plan	68,377,306
Reversal of share premium of REI pursuant to Regularisation Plan	5,409,923
Deemed purchase consideration of the Company by REI	25,453,726
Reserve upon consolidation	(104,798,778)

ii. On 31 October 2017, the Company completed acquisition of 4,900,068 ordinary shares representing 75% equity interest in HG Power Transmission Sdn. Bhd., the purchase consideration consists of:-

- Cash consideration of RM22,500,000 and
- 72,800,000 new ordinary shares of the Company at fair value of RM0.95 each.

Impact of the acquisition on the consolidated statement of profit or loss and other comprehensive income

During the financial year, from the date of acquisition, HGPT had contributed RM60,933,546 and RM6,044,822 to the Group's revenue and profit after tax respectively. If the contribution had taken place at the beginning of the financial year, the HGPT's revenue and profit after tax would have been RM323,825,575 and RM1,692,776 respectively.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (Cont'd)

iii. Acquisition related costs

During the financial year, the Group incurred acquisition related cost of RM1,305,240 in relation to the acquisition of HGPT. These costs have been included as other expenses.

The fair values of identifiable assets and liabilities of HGPT as at the date of acquisition were as follows:-

	Group 2017 RM
Total assets	
Inventories	27,179,738
Trade and other receivables	153,113,123
Amount due from customers on contracts	43,756,062
Cash and bank balances, deposits and short-term placaments	
- cash and bank balances - unrestricted	8,495,140
- cash and bank balances - restricted	6,582,937
- fixed deposits pledged	37,502,679
Property, plant and equipment	15,662,521
Total assets	292,292,200
Total liabilities	
Trade and other payables	100,612,857
Amount due to customers on contracts	24,242,544
Finance lease liabilities	1,591,688
Borrowings	
- bank overdraft	5,299,646
- bankers acceptances	47,453,798
- term loan	937,720
Total liabilities	180,138,253
Total identifiable net assets	112,153,947

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (cont'd)

Net cash outflow arising from acquisition of subsidiary

	Group 2017 RM
Purchase consideration settled in cash and cash equivalents	(22,500,000)
Cash and cash equivalents acquired	
- cash and bank balances - unrestricted	8,495,140
- bank overdraft	(5,299,646)
	(19,304,506)

Goodwill

	Group 2017 RM
Total consideration transferred	91,660,000
Fair value of identifiable net assets	(112,153,947)
Non-controlling interests	28,038,487
Goodwill	7,544,540

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") were as follows:-

2017	HG Power Transmission Sdn. Bhd
Percentage of ownership interest and voting interest (%)	25%
Carrying amount of NCI (RM)	29,628,436
Profit allocated to NCI (RM)	1,589,949

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:-

HG Power Transmission Sdn. Bhd	2017 RM
Financial position as at 31 December	
Non-current assets	16,037,008
Current assets	275,454,173
Non-current liabilities	(1,479,398)
Current liabilities	(171,498,039)
Net assets	118,513,744
Summary of financial performance for the financial year ended 31 December	
Revenue	323,825,575
Profit for the financial year	1,692,776
Total comprehensive income	1,652,017
Summary of cash flows for the financial year ended 31 December	
Net cash flows used in operating activities	(1,655,977)
Net cash flows used in investing activities	(4,415,837)
Net cash flows from financing activities	7,727,313
Net cash inflows	1,655,499

6. INVESTMENT IN AN ASSOCIATE

	RTB Group 2017 RM	REI Group 2016 RM
Unquoted shares outside Malaysia, at cost	4,505,307	7,771,890
Capital reduction in unquoted investments	-	(3,266,583)
Share of loss of equity-accounted associate, net of tax	(396,345)	(243,034)
Translation differences	25,255	(6,457)
	4,134,217	4,255,816

Details of associate are as follows:-

Name of company	Effective ownership interest and voting interest 2017 (%)	2016 (%)	Principal activities	Principal place of business/ Country of incorporation
PT Century Abadi Perkasa *°	49	49	Development and operation of hydro power plant	Indonesia

* Audited by Grant Thornton International's member firm.
° Held through PTRAI

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summary of financial information of associate, not adjusted for the proportion of ownership interest held by the Group is as follows:-

	2017 RM	2016 RM
PT Century Abadi Perkasa		
Summary of financial position as at 31 December		
Non-current assets	6,867,675	4,912,302
Current assets	14,765,282	4,858,186
Current liabilities	(13,195,779)	(1,085,150)
Net assets	8,437,178	8,685,338
Summary of financial performance for the financial year 31 December		
Loss for the financial year	312,880	221,145
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net asset	4,134,217	4,213,721
Unadjusted foreign translation differences	-	42,095
Carrying amount in the statement of financial position	4,134,217	4,255,816
Group's share of results for the financial year ended 31 December		
Group's share of loss	153,311	109,444

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summary of financial information of associate, not adjusted for the proportion of ownership interest held by the Group is as follows (cont'd):-

Contingent liabilities and capital commitments

The associate has no contingent liabilities as at the reporting date.

The capital commitments as at the reporting date are as follow:

	RTB Group 2017 RM	REI Group 2016 RM
Approved but not contracted for:-		
Capital expenditure on development of mini-hydro plant	68,896,564	70,000,000

7. OTHER INVESTMENTS

	RTB Group 2017 RM	REI Group 2016 RM
Non-current		
Available-for-sale investments		
Quoted investments, at fair value		
- within Malaysia	1,959,674	1,689,041
Unquoted investments, at costs		
- within Malaysia	1	1
	1,959,675	1,689,042
Less: Accumulated impairment loss	(1)	(1)
	1,959,674	1,689,041
Quoted investment at fair value	1,959,674	1,689,041

8. DEFERRED TAX ASSETS/(LIABILITIES)

	RTB Group 2017 RM	REI Group 2016 RM
Brought forward	2,551,447	2,636,156
Recognised in profit and loss		
- current financial year	1,109,082	440,522
- overprovision in respect of prior financial year	(118,438)	(525,231)
Recognised in other comprehensive income	101,828	-
Carried forward	3,643,919	2,551,447
Presented after appropriate offsetting as follows:-		
Deferred tax assets	3,855,901	2,785,577
Deferred tax liabilities	(211,982)	(234,130)
	3,643,919	2,551,447

a. The components and movement of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows:-

Deferred tax assets

	Property, plant and equipment RM	Unabsorbed capital allowances and tax losses RM	Allowance for doubtful debts RM	Provisions RM	Others RM	Total RM
REI Group						
At 1 January 2016	(226,000)	532,180	-	2,100,900	422,116	2,829,196
Recognised in profit and loss	(94,489)	(532,180)	735,749	269,417	(422,116)	(43,619)
At 31 December 2016	(320,489)	-	735,749	2,370,317	-	2,785,577
RTB Group						
Recognised in profit and loss	78,693	-	537,188	356,141	-	972,022
Recognised in other comprehensive income	-	-	-	98,302	-	98,302
At 31 December 2017	(241,796)	-	1,272,937	2,824,760	-	3,855,901

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

a. The components and movement of deferred tax assets and deferred tax liabilities during the financial year prior to offsetting are as follows (cont'd):-

Deferred tax liabilities

	Property, plant and equipment RM	Unabsorbed reinvestment allowances RM	Provisions RM	Others RM	Total RM
REI Group					
At 1 January 2016	(447,800)	118,400	128,600	7,760	(193,040)
Recognised in profit and loss	(86,983)	(42)	37,121	8,814	(41,090)
At 31 December 2016	(534,783)	118,358	165,721	16,574	(234,130)
RTB Group					
Recognised in profit and loss	(57,065)	(118,358)	196,884	(2,839)	18,622
Recognised in other comprehensive income	-	-	3,526	-	3,526
At 31 December 2017	(591,848)	-	366,131	13,735	(211,982)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

b. The amount of temporary difference for which no deferred tax assets have been recognised in the statement of financial position is as follows:-

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits therefrom.

	RTB Group 2017 RM	REI Group 2016 RM
Unabsorbed capital allowances and tax losses	49,459	-
Other temporary differences	(3,306)	-
	46,153	-

9. GOODWILL ON CONSOLIDATON

	RTB Group 2017 RM	REI Group 2016 RM
Brought forward	-	-
Addition during the financial year	7,544,540	17,272
	7,544,540	17,272
Impairment	-	(17,272)
Carried forward	7,544,540	-

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating unit ("CGU") that is expected to benefit from the business combination.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined by using value-in-use, involving cash flow projections calculations derived from the most recent financial budgets approved by management covering a five-years period.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGU and management's assessment of future trends based on the following key assumptions:-

i. revenue is projected based on specific projects with growth rate of 5% at the end of year two; and
ii. projected profit margin of 5%.

A pre-tax discount rate of 7% per annum was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's existing rate of borrowings.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on external and internal sources. The management is not aware of any reasonably possible change in above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

10. INVENTORIES

	RTB Group 2017 RM	REI Group 2016 RM
Raw materials	67,557,117	42,296,351
Work-in-progress	6,987,565	1,776,303
Finished goods	33,998,445	23,882,159
Packing materials and consumables	8,835,232	6,397,398
	117,378,359	74,352,211
Recognised in profit or loss:-		
Inventories recognised as cost of sales	157,376,532	80,285,563

11. TRADE AND OTHER RECEIVABLES

	RTB Group	REI Group	Company	
Current	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables:			-	-
Interest free owing by:				
Third parties	197,688,188	91,677,985		
Amount due from a corporate shareholder of a company in which Directors have interest	-	28,233	-	-
Related parties	220,149	-	-	-
Retention sum	57,142,385	10,949	-	-
	255,050,722	91,717,167	-	-
Allowance for impairment losses-third parties	(4,706,625)	(2,218,787)	-	-
	250,344,097	89,498,380	-	-
Other receivables:				
Third parties	43,160,744	6,911,465	-	3,236,890
Deposits	11,805,004	7,342,954	1,000	1,000
GST receivable	803,274	640,611	-	-
	55,769,022	14,895,030	1,000	3,237,890
Allowance for impairment losses-third parties	(654,508)	(915,897)	-	-
	55,114,514	13,979,133	1,000	3,237,890
Unsecured cash advances which are payable on demand owing by:				
Subsidiaries:				
Interest bearing at 2%	-	-	2,060,048	-
Interest fee	-	-	5,534,378	-
	-	-	7,594,426	-
Related companies:				
Interest free	-	81,752	-	-
Associate:				
Interest free	6,459,392	1,021,986	-	-
Related party:				
Interest free	162,373	-	-	-
Prepayments	1,717,094	670,674	-	-
	63,453,373	15,753,545	7,595,426	3,237,890
	313,797,470	105,251,925	7,595,426	3,237,890

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

a. The trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. The normal credit terms granted to the customers ranged from 1 to 180 days (2016: 1 to 180 days). Other credit terms are assessed and approved by the management on case-by-case basis.

b. The ageing analysis of trade receivables of the Group are as follows:-

	RTB Group 2017 RM	REI Group 2016 RM
Neither past due nor impaired	133,561,813	35,352,933
1 to 30 days past due not impaired	26,758,578	15,638,193
31 to 60 days past due not impaired	12,093,189	15,794,112
61 to 90 days past due not impaired	5,573,809	3,927,651
More than 91 days due not impaired	72,356,708	18,785,491
	116,782,284	54,145,447
Impaired	4,706,625	2,218,787
	255,050,722	91,717,167

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are due from creditworthy customers with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group have trade receivables amounting to RM116,782,284 (2016: RM54,145,447) that are past due at the reporting date but not impaired. The Directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers and these relate to a number of independent customers for whom there is no recent history of default. These receivables are unsecured.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (cont'd)

b. The ageing analysis of trade receivables of the Group are as follows (cont'd) :-

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follow:

	Collectively impaired RM	Individually impaired RM	Total RM
RTB Group			
At 31 December 2017			
Trade receivables - nominal value	4,649,396	57,229	4,706,625
Less: Allowance for impairment losses	(4,649,396)	(57,229)	(4,706,625)
	-	-	-
REI Group			
At 31 December 2016			
Trade receivables - nominal value	2,151,597	67,190	2,218,787
Less: Allowance for impairment losses	(2,151,597)	(67,190)	(2,218,787)
	-	-	-

c. The reconciliation of movement in allowance for impairment losses of trade receivables:-

	RTB Group 2017 RM	REI Group 2016 RM
Brought forward	2,218,787	1,738,046
Charge for the financial year	2,975,105	1,752,321
Reversal of impairment losses	(487,267)	(1,271,580)
Carried forward	4,706,625	2,218,787

Trade receivables that are individually determined to be impaired at the reporting date relate to customers that have significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (cont'd)

d. Information on financial risk of trade receivables is disclosed in Note 31 to the financial statements.

Other receivables

a. The reconciliation of movement in allowance for impairment losses of other receivables.

	RTB Group 2017 RM	REI Group 2016 RM
Brought forward	915,897	107,000
Charge for the financial year	182	915,897
Reversal of impairment losses	(261,571)	(107,000)
Carried forward	654,508	915,897

Other receivables that are collectively determined to be impaired at the reporting date relate to debtors that are past due for more than 120 days and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	RTB Group 2017 RM	REI Group 2016 RM
Costs incurred on contract to date	768,908,462	49,364,713
Attributable profits	84,892,002	11,323,836
	853,800,464	60,688,549
Progress billings issued to date	(776,101,136)	(43,488,484)
	77,699,328	17,200,065
This represents:-		
Due from contract customers	93,516,733	20,237,985
Due to contract customers	(15,817,405)	(3,037,920)
	77,699,328	17,200,065
Advance received from customers included in other payables	94,850,138	8,365,507
Included in this are the following items capitalised for the financial year:-		
Staff costs:		
- Other staff costs	-	671

13. CASH AND BANK BALANCES, DEPOSITS AND SHORT-TERM PLACEMENTS

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Islamic type				
- Cash and bank balances	15,868,249	10,411,785	106,882	-
- Deposits with financial institutions	18,260,470	-	-	-
- Deposits with fund management corporations	33,314,364	24,271,316	20,025,134	-
Conventional type				
- Cash and bank balances	23,579,388	1,260,771	133,901	29,301
- Deposits with financial institutions	13,662,851	-	-	-
- Deposits with fund management corporations	-	8,850,336	-	23,141,396
	104,685,322	44,794,208	20,265,917	23,170,697

The Group's deposits amounting to RM33,585,957 (2016: NIL) are pledged to the banks to secure banking facilities granted to a subsidiary.

Information on financial risk of cash and bank balances, deposits and short-term placements are disclosed in Note 31 to the financial statements.

14. SHARE CAPITAL

	Number of ordinary shares		Amount	
	RTB Group 2017 Unit	REI Group 2016 Unit	RTB Group 2017 RM	REI Group 2016 RM
Issued and fully paid up:-				
At beginning of financial year	40,397,333	68,377,306	4,039,733	68,377,306
Issuance of ordinary shares:-				
- acquisition of REI	317,460,318	-	200,000,000	-
- acquisition of HGPT	72,800,000	-	69,160,000	-
- private placement	42,000,000	-	26,284,676	-
At end of financial year	472,657,651	68,377,306	299,484,409	68,377,306

	Number of ordinary shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Company				
Issued and fully paid up:-				
At beginning of financial year	40,397,333	40,397,333	4,039,733	4,039,733
Issuance of ordinary shares:-				
- acquisition of REI	317,460,318	-	200,000,000	-
- acquisition of HGPT	72,800,000	-	69,160,000	-
- private placement	42,000,000	-	26,284,676	-
At end of financial year	472,657,651	40,397,333	299,484,409	4,039,733

The new Companies Act, 2016, which came into operation on 31 January 2017 abolished the concept of authorised share capital, par value of share and share premium.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

15. OTHER RESERVES

	RTB Group 2017 RM	REI Group 2016 RM
Non-distributable		
Share premium	5,409,923	5,409,923
Fair value reserve	1,296,662	1,125,605
Foreign currency translation reserve	1,628,722	505,264
Reserve upon consolidation (Note 5)	(104,798,778)	-
Transition to no par-value regime	(5,409,923)	-
	(101,873,394)	7,040,792

Share premium

The new Companies Act, 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the traditional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,409,923 for purposes as set out in Sections 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Foreign currency translation reserve

Foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

16. RETAINED EARNINGS

The Company adopted the Single tier Income Tax system in which the Company may declare the payment of the dividends out of its entire retained earnings.

17. BORROWINGS

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-current				
Secured:				
Term loan	3,339,652	2,873,350	-	-
Unsecured:				
Revolving credit				
- Islamic type	15,000,000	-	15,000,000	-
	18,339,652	2,873,350	15,000,000	-
Current				
Secured:				
Term loan	425,214	238,957	-	-
Revolving credit				
- Conventional type	3,655,800	-	-	-
Bankers' acceptances				
- Islamic type	48,651,906	-	-	-
- Conventional type	9,006,697	-	-	-
Bank overdraft	3,269,131	-	-	-
Unsecured:				
Bankers' acceptances				
- Islamic type	1,292,439	95,000	-	-
- Conventional type	31,770,714	32,448,980	-	-
Short term loans	2,527,868	2,117,289	-	-
Revolving credit				
- Islamic type	5,000,000	-	5,000,000	-
	105,599,769	34,900,226	5,000,000	-
Total	123,939,421	37,773,576	20,000,000	-

The borrowings of the Group are secured against the followings:-

a. Secured by first party charge over the leasehold land, freehold land and buildings of the subsidiaries as disclosed in Note 4 to the financial statements;

b. Secured by way of certain fixed deposits pledged and corporate guarantee by a third party;

c. Obtained by way of negative pledge on all the assets of the Group and of the Company and corporate guarantee from the Subsidiary; and

d. Information on financial risks of borrowings is disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

18. FINANCE LEASE LIABILITIES

	RTB Group 2017 RM	REI Group 2016 RM
Minimum lease payments:-		
- Not later than 1 year	994,302	485,759
- Later than 1 year but not later than 5 years	1,020,761	522,353
- Later than 5 years	3,968	-
	2,019,031	1,008,112
Less: Future finance charges on finance lease	(119,983)	(75,849)
	1,899,048	932,263
Present value of finance lease liabilities:-		
- Not later than 1 year	911,389	447,049
- Later than 1 year but not later than 5 years	984,228	485,214
- Later than 5 years	3,431	-
	987,659	485,214
	1,899,048	932,263

The finance lease liabilities are secured by a charge over the leased assets as disclosed in Note 4 to the financial statements. Information on financial risks is disclosed in Note 31 to the financial statements. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as above.

19. RETIREMENT BENEFITS

Defined benefit plan

The defined benefit plan provided by the Group to all eligible Malaysian employees on a discretionary lump sum payment basis upon their retirement with minimum of 10 years of service being attained except to a Director whose lump sum payment is as per terms and conditions of the employment contract. The defined benefit plan is unfunded, as benefits may be payable directly by the Group to the active participants subject to final approval of the Board of Directors being obtained.

The plan exposes the Group to actuarial risks such as interest rate risk and inflation risk as explained below:-

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability.

19. RETIREMENT BENEFITS (CONT'D)

Defined benefit plan (cont'd)

Movement in defined benefit plan

The following is reconciliation of the Group's defined benefit obligation presented in the statements of financial position for each reporting period:-

	RTB Group 2017 **RM**	**REI Group** 2016 **RM**
Defined benefit obligation brought forward	4,930,507	4,459,878
Current service costs	214,702	234,646
Net interests	266,714	235,983
Remeasurements effect recognised in other comprehensive income	418,161	-
Defined benefit obligation carried forward	5,830,084	4,930,507

Actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate on the lump sum retirement benefit, the mortality, disability and withdrawal rates The sensitivity analysis below has been determined based on a reasonably possible changes of the discount rates occurring at the end of the reporting period, while all other assumptions remained constant.

	Core assumption RM	Sensitivity analysis RM	Effect on defined benefit obligation increase RM	Effect on defined benefit obligation increase RM
RTB Group				
2017				
Discount rate	5.20%	1.0% decrease	260,879	4%
REI Group				
2016				
Discount rate	5.50%	1.0% decrease	258,161	5%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation because it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS –
31 DECEMBER 2017

19. RETIREMENT BENEFITS (CONT'D)

Defined benefit plan (cont'd)

Defined benefit plan expenses

Amounts recognised in profit or loss and other comprehensive income related to the Group's defined benefit plan are as follows:-

	RTB Group 2017 **RM**	**REI Group** 2016 **RM**
Current service costs	214,702	234,646
Net interests	266,714	235,983
Total expenses recognised in profit or loss	481,416	470,629

Amounts recognised in other comprehensive income related to the Company's defined benefit plan is as follows:-

	RTB Group 2017 **RM**	**REI Group** 2016 **RM**
Actuarial loss due to plan experience	337,977	-
Actuarial loss due to financial assumption	80,184	-
Total expenses recognised in other comprehensive income	418,161	-

All the expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the statements of profit or loss and other comprehensive income.

Other information on the defined benefit plan

The weighted average duration of the benefit obligation at 31 December 2017 and 31 December 2016, is 38 years. The Group expected to make benefit payment of RM2,961,000 (2016: RMNil) in the next financial year.

20. TRADE AND OTHER PAYABLES

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade payables:				
Third parties	83,366,923	26,329,608	-	-
Related parties	301,034	398,088	-	-
	83,667,957	26,727,696	-	-
Other payables:				
Third parties	6,508,821	3,051,432	106	1,366,468
Related parties*	-	3,816	-	-
Advance received from customers	94,850,138	8,365,507	-	-
Accruals	15,458,548	8,405,000	45,567	1,038,146
Deposits received	3,062,187	14,800	-	-
GST payable	1,972,195	503,260	-	-
	121,851,889	20,343,815	45,673	2,404,614
	205,519,846	47,071,511	45,673	2,404,614

The trade payables are non-interest bearing and the normal credit terms granted by the trade payables ranged from 7 to 90 days (2016: 7 to 90 days).

* This represents unsecured and interest-free cash advances which are repayable on demand.

21. REVENUE

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Sale of goods	180,027,671	149,145,938	-	-
Contract revenue attributable to the stage of completion	130,851,797	39,976,778	-	-
Dividend income	-	-	10,256,596	-
	310,879,468	189,122,716	10,256,596	-

22. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
after charging:-				
Allowance for impairment losses on receivables	2,975,287	2,668,218	-	-
Auditors' remuneration:				
- Charge for the year	266,740	77,955	45,000	40,000
- Other auditors' remuneration	87,622	4,008	-	-
- Under provision in prior year	-	2,780	-	-
- Other services	686,800	-	686,800	7,800
Depreciation	4,058,472	3,508,834	-	-
Interest expenses:-				
- Bank overdraft	13,975	4,998	-	
- Bankers' acceptances	3,830,759	940,529	-	-
- Bankers' guarantees	74,201	-	-	-
- Finance lease liabilities	33,132	73,747	-	-
- Onshore foreign currency loan	10,020	117,143	-	-
- Short term loans	87,618	95,605	-	-
- Revolving credit interest	5,567	84,765	5,567	-
- Others	175,028	311,176	-	-
- Term loan interest	151,372	76,595	-	-
Impairment of goodwill on				-
consolidation	-	17,272	-	
Net loss on foreign exchange:-				-
- Realised	761,185	686,178	-	
- Unrealised	688,693	522,480	-	-
Rental expenses:-				-
- Premise	1,094,493	803,028	-	
- Machinery and equipment	73,567	60,325	-	-
- Motor vehicles	296,163	286,423	-	-
- Staff quarters	26,114	43,446	-	-
				-

22. PROFIT BEFORE TAX (CONT'D)

Profit before tax has been determined after charging/(crediting), amongst other items, the following (cont'd):-

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
after charging (cont'd):-				
Property, plant and equipment written off	-	48	-	-
Loss on disposal of property, plant and equipment	-	11,119	-	-
Provision for retirement benefits	481,416	470,629	-	-
and crediting:				
Allowance for impairment losses on receivables no longer required	748,838	1,378,580	-	-
Dividend income:				
- Subsidiaries in Malaysia	-	-	10,256,596	-
- Quoted shares in Malaysia	63,125	45,404	-	-
Gain on disposal of property, plant and equipment	33,108	-	-	-
Gain on disposal of other investment	-	-	-	249,328
Gain on foreign exchange:-				
- Realised	589,705	-	-	-
Interest income:				
- Deposits with financial institutions	731,108	296,617	1,641	-
- Short term deposit	-	21,046	-	-
- Money market instruments	-	154,626	-	-
- Asset management	439,215	-	439,215	840,900
- Subsidiaries	-	-	42,896	-
Rental income:-				
- Related companies	144,965	123,730	-	-
- Others	37,600	35,200	-	-

23. TAX EXPENSE/(INCOME)

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Malaysian income tax:-				
Current tax				
- current year	9,957,940	9,629,543	759	892
- under/(over) provision in prior year	2,047,458	(513,631)	(892)	(1,049)
Total current tax recognised in profit or loss	12,005,398	9,115,912	(133)	(157)
Deferred tax				
- origination and reversed at temporary differences	(1,109,082)	(440,522)	-	-
- Underprovision in prior year	118,438	525,231	-	-
Total deferred tax recognised in profit or loss	(990,644)	84,709	-	-
Total income tax expense / (income)	11,014,754	9,200,621	(133)	(157)
Remeasurement of defined benefit obligation recognised in other comprehensive income	(101,828)	-	-	-

Malaysian income tax is calculated at statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

23. TAX EXPENSE/(INCOME) (CONT'D)

The numerical reconciliations between the tax expense in the statement of profit or loss and other comprehensive income and income tax expense applicable to profit before tax at the statutory income tax rates of the Group and of the Company are as follows:

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit before tax	15,585,343	34,553,531	4,559,030	2,488,499
Tax at Malaysian statutory rate of 24%	3,740,482	8,292,847	1,094,167	597,240
Tax effect in respect of:				
Non-taxable income	(2,350,919)	(1,561,305)	(2,567,388)	(793,794)
Non-allowable expenses	7,448,295	2,214,447	1,473,980	197,603
Movement of deferred tax assets not recognised	11,000	243,032	-	-
Effect of changes in tax rate	-	-	-	(157)
Under/(over) provision of tax in respect of prior years:				
Malaysian income tax	2,047,458	(513,631)	(892)	(1,049)
Deferred taxation	118,438	525,231	-	-
Total tax expenses/(income)	11,014,754	9,200,621	(133)	(157)

a. The Group's unabsorbed business losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM44,746 (2016: RM1,012,637) and RM5,263,713 (2016: RM5,259,000) respectively

b. Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

24. EARNINGS PER SHARE

a. Basic
Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	RTB Group 2017 RM	REI Group 2016 RM
Profit attributable to equity holders of the Company	3,059,384	25,352,910
Weighted average number of ordinary shares in issue	472,657,651	68,377,306
Basic earnings per ordinary share (sen)	0.65	37

The earnings per share of the Group for the financial year ended 31 December 2016 before the reverse acquisition was calculated by dividing the consolidated profit of REI for the financial year concerned attributable to owners of RM25,352,910 by 68,377,306 ordinary shares issued by the Company to the owners of REI for the reverse acquisition.

b. Diluted
Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

25. DIVIDENDS

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Dividends paid by the Company as follows:-				
In respect of financial year ended 31 December 2017:	-	-	19,794,693	-
- A special dividend of 49 sen on 40,397,333 ordinary shares, paid on 15 February 2017	4,726,577	-	4,726,577	-
- An interim single tier dividend of 1 sen on 472,657,651 ordinary shares, paid on 26 December 2017	4,726,577	-	24,521,270	-

The Director recommend a final single tier dividend of 1.5 sen per share in respect of the current financial year for the shareholders' approval at the forthcoming Annual General Meeting. The current financial statements does not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

26. EMPLOYEE BENEFITS EXPENSE

The employee benefits expenses included the follows:-

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Salaries, wages and other emoluments	29,698,360	20,746,026	179,806	634,012
Retirement benefits	481,416	470,629	-	-
Defined contribution plan	2,580,148	2,110,001	3,882	34,230
	32,759,924	23,326,656	183,688	668,242

Directors' remunerations

Included in the employee benefits expenses is the Directors' remuneration as below:-

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Executive Directors: -				
Directors of the Company				
Salaries and other emoluments	-	-	-	112,000
Fees	-	-	-	151,000
	-	-	-	263,000
Executive Directors: -				
Director of the Subsidiary				
Salary and other emoluments	1,543,292	2,033,131	-	-
Defined contribution plan	184,964	202,017	-	-
Retirement benefits	-	178,005	-	-
Fees	-	1,740,000	-	-
Total Executive Directors' remuneration	1,728,256	4,153,153	-	-
Non-Executive Directors:-				
Existing Directors of the Company				
Fees	-	-	-	90,000
Other emoluments	146,000	-	146,000	-
Ex Directors of the Subsidiary				
Salaries and other emoluments	1,235,611	-	-	-
Non-Executive Directors' remuneration	1,381,611	-	146,000	90,000
Total	3,109,867	4,153,153	146,000	353,000

27. RELATED PARTY DISCLOSURES

The Group and the Company have related party relationships with its shareholders, subsidiaries and associate, Directors and key management personnel.

a. Related party transactions

	RTB Group 2017 RM	REI Group 2016 RM
Related parties:		
- sales	133,506	-
- purchases	(8,905)	-
- rental expenses	(912,817)	-
- rental income	144,965	123,730

	2017 RM	2016 RM
Company		
Subsidiaries		
- interest income	42,896	-
- dividend income	10,256,596	-

b. Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and of the Company.

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Directors' remuneration (Note 26)	3,109,867	4,153,153	146,000	353,000
Other key management personnel:				
Salaries and other emoluments	406,221	-	406,221	-
Defined contribution plan	48,211	-	48,211	-
		4,153,153		
	3,564,299		600,432	353,000

c. Related party balances

Outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 11 and 20 to the financial statements.

28. OPERATING SEGMENT

For management purposes, the Group is organised into three business units based on their products and services, which comprises the following:-

Business segments	Business activities
Fabrication of towers - Power Transmission - Telecommunication	Involving the manufacture, design, fabrication and erection of power transmission towers and telecommunication towers and design and fabrication of electrical substation structures
Engineering, Procurement, Construction and Commissioning ("EPCC")	Mechanical and electrical engineering, procurement and construction contractor for water and sewage treatment plant, operation of a hot-dip galvanising plant and electrification and power plant refurbishment
Others	Civil and infrastructure works, fabrication services for other steel work and products, steel skids and accessories for water tank related products, development of mini-hydro plant, investment holdings and management services.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group interest income and financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments except for those directly attributable to the business unit that can be separately identifiable.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under Others. Others comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

28. OPERATING SEGMENT (CONT'D)

Business segment

RTB Group		← Fabrication of towers →					
		Power Transmission	Telecommunication	EPCC	Others	Group adjustment	Total
2017	Note	RM	RM	RM	RM	RM	RM
Revenue							
External revenue		141,044,017	35,724,188	126,846,436	7,264,827	-	310,879,468
Inter-segment revenue	(a)	5,121,508	3,317,242	4,005,361	22,623,164	(35,067,275)	-
Total revenue		146,165,525	39,041,430	130,851,797	29,887,991	(35,067,275)	310,879,468
Results							
Regularisation plan expenses		-	-	-	(4,007,276)	-	(4,007,276)
Share-based payment expense		-	-	-	-	(21,413,993)	(21,413,993)
Acquisition-related expenses		-	-	-	(1,305,240)	-	(1,305,240)
Finance costs		(1,580,787)	-	(2,578,926)	(290,496)	68,537	(4,381,672)
Other non-cash income/(expenses)	(b)	(1,688,140)	-	(1,233,967)	33,517	6,556	(2,882,034)
Share of results of an associate		-	-	-	(153,311)	-	(153,311)
Tax expense		(7,998,512)	(1,517,928)	(557,573)	(940,741)	-	(11,014,754)
Segment results	(c)	18,912,597	4,806,772	10,322,564	5,636,801	(31,743,485)	7,935,249
Assets							
Segment assets	(d)	353,478,418	-	313,388,069	318,715,871	(303,426,131)	682,156,227
Included in segment assets are:							
Investment in an associate		-	-	-	4,134,217	-	4,134,217
Additions to non-current assets other than deferred tax assets	(e)	1,047,034	-	914,042	823,217	-	2,784,293
Liabilities							
Segment liabilities	(f)	129,936,312	-	124,145,480	15,355,843	(42,270,300)	227,167,335

28. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

		← Fabrication of towers →					
REI Group		Power Transmission	Telecommunication	EPCC	Others	Group adjustment	Total
2016	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Revenue							
External revenue		112,138,655	31,988,523	26,262,421	18,733,117	-	189,122,716
Inter-segment revenue	**(a)**	-	10,134,159	-	18,814,446	(28,948,605)	-
Total revenue		112,138,655	42,122,682	26,262,421	37,547,563	(28,948,605)	189,122,716
Results							
Finance costs		(1,465,524)	-	(112,780)	(181,586)	-	(1,759,890)
Other non-cash income/(expenses)	**(b)**	(1,731,306)	-	-	(35,060)	(56,999)	(1,823,365)
Share of results of an associate		-	-	-	(109,444)	-	(109,444)
Tax expense		(3,647,406)	(3,259,848)	(1,294,731)	(998,636)	-	(9,200,621)
Segment results	**(c)**	26,388,511	10,322,852	3,548,967	2,565,707	(16,076,082)	26,749,955
Assets							
Segment assets	**(d)**	256,733,370	-	36,861,589	31,207,805	(41,785,714)	283,017,050
Included in segment assets are:							
Investment in an associate		-	-	-	4,255,816	-	4,255,816
Additions to non-current assets other than deferred tax assets	**(e)**	1,541,207	-	650,547	103,711	(57,000)	2,238,465
Liabilities							
Segment liabilities	**(f)**	50,812,127	-	24,348,421	7,962,862	(28,083,472)	55,039,938

28. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

a. Inter-segment revenues are eliminated on consolidation.

b. Other major non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	RTB Group 2017 RM	REI Group 2016 RM
Allowance for impairment loss on receivables	(2,975,287)	(2,668,218)
Allowance for impairment loss on receivables no longer required	748,838	1,378,580
Gain/(loss) on disposal of property, plant and equipment	33,108	(11,199)
Unrealised loss on foreign exchange	(688,693)	(522,480)
Property, plant and equipment written off	-	(48)
	(2,882,034)	(1,823,365)

c. The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the consolidated statement of profit or loss:-

	RTB Group 2017 RM	REI Group 2016 RM
Segment profit	7,935,249	26,749,955
Interest income	1,170,323	472,289
Finance costs	(4,381,672)	(1,759,890)
Share of result of an associate	(153,311)	(109,444)
Profit after tax	4,570,589	25,352,910

d. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

	RTB Group 2017 RM	REI Group 2016 RM
Segment assets	682,156,227	283,017,050
Goodwill on consolidation	7,544,540	-
Deferred tax assets	3,855,901	2,785,577
Tax recoverable	3,714,498	2,417,369
Total assets	697,271,166	288,219,996

28. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

e. Additions to non-current assets other than financial instrument and deferred tax assets consist of:-

	RTB Group 2017 RM	REI Group 2016 RM
Property, plant and equipment	2,784,293	2,238,465

f. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	RTB Group 2017 RM	REI Group 2016 RM
Segment liabilities	227,167,335	55,039,938
Deferred tax liabilities	211,982	234,130
Finance lease liabilities	1,899,048	932,263
Borrowings	123,939,421	37,773,576
Tax payable	525,832	711,752
Total liabilities	353,743,618	94,691,659

Major Customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%	Operating Segment
RTB Group			
2017			
Customer A	52,522,728	17	Steel tower & substation structure
Customer B	40,664,148	13	Steel tower & substation structure
Customer C	35,165,669	11	Steel tower & substation structure
	128,352,545	41	
REI Group			
2016			
Customer A	36,640,202	19	Steel tower & substation structure
Customer B	34,019,103	18	Steel tower & substation structure
	70,659,305	37	

28. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

Geographical Information

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:-:-

	RTB Group 2017 Revenue RM	RTB Group 2017 Non-current Assets RM	REI Group 2016 Revenue RM	REI Group 2016 Non-current Assets RM
Malaysia*	246,119,636	64,178,784	177,224,359	41,166,298
Australia	6,991,388	-	5,095,832	-
Bangladesh	17,088,416	-	-	-
China	-	-	2,925	-
Fiji	-	-	219,605	-
Japan	-	-	1,410,026	-
Laos	40,664,148	-	2,557,978	-
Mauritius	-	-	1,085,566	-
Papua New Guinea	15,880	-	-	-
Samao	-	-	1,334,341	-
Timor	-	-	192,084	-
	310,879,468	64,178,784	189,122,716	41,166,298

*The Company's home country

29. CONTINGENT LIABILITIES

The Directors are of the opinion that provisions are not required in respect of these matters as it is not probable that a future sacrifice of economic benefits will be required.

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Bank guarantees for design warranty given to a customer by a subsidiary	13,154,375	14,579,500	-	-
Performance bond granted to third party by a subsidiary	11,090,692	6,794,515	-	-
Secured:- Bank guarantees issued in favour of third parties	90,164,749	-	-	-

30. CAPITAL COMMITMENT

	RTB Group 2017 RM	REI Group 2016 RM
Capital expenditure		
Authorised and contracted for:		
- Property, plant and equipment	453,181	-

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale investments ("AFS") and financial liabilities categorised as other liabilities measured at amortised cost ("AC")

	Carrying amount RM	L&R RM	AFS RM	AC RM
RTB Group				
2017				
Financial assets				
Trade and other receivables	311,277,102	311,277,102	-	-
Other investments	1,959,674	-	1,959,674	-
Cash and balances, deposit and short-term placements	104,685,322	104,685,322	-	-
	417,922,098	415,962,424	1,959,674	-
Financial liabilities				
Trade and other payables	203,547,651	-	-	203,547,651
Finance lease liabilities	1,899,048	-	-	1,899,048
Borrowings	123,939,421	-	-	123,939,421
	329,386,120	-	-	329,386,120

	Carrying amount RM	L&R RM	AFS RM	AC RM
REI Group				
2016				
Financial assets				
Trade and other receivables	103,940,640	103,940,640	-	-
Other investments	1,689,041	-	1,689,041	-
Cash and bank balances, deposits and short-term placement	44,794,208	44,794,208	-	-
	150,423,889	148,734,848	1,689,041	-
Financial liabilities				
Trade and other payables	46,568,251	-	-	46,568,251
Finance lease liabilities	932,263	-	-	932,263
Borrowings	37,773,576	-	-	37,773,576
	85,274,090	-	-	85,274,090

31. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), available-for-sale investments ("AFS") and financial liabilities categorised as other liabilities measured at amortised cost ("AC") (cont'd):-

	Carrying amount RM	L&R RM	AFS RM	AC RM
Company				
2017				
Financial assets				
Trade and other receivables	7,595,426	7,595,426	-	-
Cash and bank balances, deposits and short term placements	20,265,917	20,265,917	-	-
	27,861,343	27,861,343	-	-
Financial liabilities				
Trade and other payables	45,673	-	-	45,673
Finance lease liabilities	-	-	-	-
Borrowings	20,000,000	-	-	20,000,000
	20,045,673	-	-	20,045,673
2016				
Financial assets				
Trade and other receivables	3,237,890	3,237,890		
Other investments	-	-	-	-
Cash and bank balances, deposits and short-term placements	23,170,697	23,170,697	-	-
	26,408,587	26,408,587	-	-
Financial liabilities				
Trade and other payables	2,404,614	-	-	2,404,614

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. They have established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk.

The following sections explain key risks faced by the Group, the Company and their management. Financial assets and liabilities of the Group and of the Company are summarised in Note 3.5 to financial statements.

31.1 Credit risk

Credit risk refers to the risk that a counter party will default in its contractual obligations resulting in financial loss to the Group and the Company. The Group adopts the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group and the Company adopt the policy of dealing with reputable institutions.

31.1.1 Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	RTB Group	REI Group	Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Classes of financial assets:-				
Cash and bank balances, deposits and short-term placements	104,685,322	44,794,208	20,265,917	23,170,697
Trade and other receivables	311,277,102	103,940,640	7,595,426	3,237,890
Carrying amount	415,962,424	148,734,848	27,861,343	26,408,587

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's and the Company's management consider that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements.

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.1 Credit risk (cont'd)

31.1.2 Credit risk concentration

In respect of trade and other receivables, the Group has significant exposure to several customers and as such a concentration of credit risks who are of high credit worthiness and of international repute.

	RTB Group		REI Group	
	2017		2016	
	RM	%	RM	%
Top 3 customers (2016: 2)	122,990,481	48	22,191,778	24

Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are past due but not impaired to be good.

31.1.3 Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with banks and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default.

31.1.4 Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 to the financial statements.

31.1.5 Financial Guarantee/Corporate Guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The maximum exposure to credit risk is as disclosed in Note 29 as at the reporting date. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.2 Liquidity risk

Liquidity risk refers to the risk that the Group and of the Company will encounter difficulty in meeting its obligations as they fall due. The Group and the Company are expected to exposure to liquidity risk arising from payables, finance lease liabilities and borrowings and it maintains a level of cash and cash equivalents and bank credit facilities deemed adequate by management to ensure it has sufficient liquidity to meet its obligations when they fall due.

31.2.1 Analysis of financial liabilities by remaining contractual maturity period

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period:-

	Current	◄── Non-current ──►	
RTB Group	Within 1 year **RM**	2 to 5 years **RM**	More than 5 years **RM**
2017			
Non-derivative financial liabilities			
Borrowings	106,764,377	19,559,563	1,006,440
Finance lease liabilities	994,302	1,020,761	3,968
Trade and other payables	203,547,651	-	-
Total undiscounted financial liabilities	311,306,330	20,580,324	1,010,408
Financial guarantee*	13,154,375	-	-
REI Group			
2016			
Non-derivative financial liabilities			
Borrowings	34,900,226	2,012,880	1,811,592
Finance lease liabilities	485,759	522,353	-
Trade and other payables	46,568,251	-	-
Total undiscounted financial liabilities	81,954,236	2,535,233	1,811,592
Financial guarantee*	14,579,500	-	-

	Current	◄── Non-current ──►	
Company	Within 1 year **RM**	2 to 5 years **RM**	More than 5 years **RM**
2017			
Non-derivative financial liabilities			
Borrowings	5,964,880	16,606,736	-
Trade and other payables	45,673	-	-
	6,010,553	16,606,736	-
2016			
Non-derivative financial liabilities			
Trade and other payables	2,404,614	-	-

*This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period as disclosed in Note 29.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's and the Company's borrowings at variable interest rates are exposed to the risk of change in cash flow due to changes in interest rate. Investment in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The following tables set out the carrying amounts, the weighted average effective interest rates ["WAEIR"] of the Group's and of the Company's financial instruments as at the reporting date and the periods in which they reprice or mature, whichever is earlier:-

RTB Group	WAEIR **%**	Within 1 year **RM**	1 to 5 years **RM**	More than 5 years **RM**	Total **RM**
2017					
Financial assets					
Fixed rate:					
Deposits with financial institutions	2.40	31,923,321	-	-	31,923,321
Floating rate:					
Deposits with fund management corporation	3.04	33,314,364	-	-	33,314,364
Financial liabilities					
Fixed rate:					
Finance lease liabilities	4.56	911,389	984,228	3,431	1,899,048
Term loan	8.10	148,448	765,233	-	913,681
Bank overdraft	8.73	3,269,131	-	-	3,269,131
Bankers' acceptances	6.96	57,658,603	-	-	57,658,603
Revolving credit	5.08	3,655,800	-	-	3,655,800
Floating rate:					
Term loan	4.83	276,766	2,574,419	-	2,851,185
Short term loans	3.95	2,527,868	-	-	2,527,868
Banker's acceptance	4.19	33,063,153	-	-	33,063,153
Revolving credit	5.08	5,000,000	15,000,000	-	20,000,000
REI Group					
2016					
Financial assets					
Floating rate:					
Deposits with fund management corporation	3.10	33,121,652	-	-	33,121,652
Financial liabilities					
Fixed rate:					
Finance lease liabilities	4.20	447,049	485,214	-	932,263
Term loan	4.83	238,957	1,562,440	1,310,910	3,112,307
Floating rate:					
Bankers' acceptance	4.83	32,543,980	-	-	32,543,980
Short term loans	4.83	2,117,289	-	-	2,117,289

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.3 Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ["WAEIR"] of the Group's and of the Company's financial instruments as at the reporting date and the periods in which they reprice or mature, whichever is earlier (cont'd):-

Company	WAEIR %	Within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
2017					
Financial assets					
Fixed rate:					
Other receivables	2.00	2,060,048	-	-	2,060,048
Floating rate:					
Deposits with fund management corporation	3.04	20,025,134	-	-	20,025,134
Financial liabilities					
Floating rate:					
Revolving credit	5.08	5,000,000	15,000,000	-	20,000,000
2016					
Financial assets					
Floating rate:					
Deposits with fund management corporation	3.63	23,141,396	-	-	23,141,396

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.3 Interest rate risk (cont'd)

31.3.1 Interest rate sensitivity analysis

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The following is interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the reporting date:-

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Fixed rate instruments				
Financial assets				-
Other receivables	-	-	2,060,048	
Deposits with financial institutions	31,923,321	-	-	-
	31,923,321	-	2,060,048	-
Financial liabilities				
Finance lease liabilities	1,899,048	932,263	-	-
Borrowings	65,497,215	3,112,370	-	-
	67,396,263	4,044,633	-	-
Net financial (liabilities)/assets	(35,472,942)	(4,044,633)	2,060,048	-
Floating rate instruments				
Financial asset				
Deposits with fund management corporation	33,314,364	33,121,652	20,025,134	23,141,396
Financial liabilities				
Borrowings	58,442,206	34,661,269	20,000,000	-
Net financial (liabilities)/assets	(25,127,842)	(1,539,617)	25,134	23,141,396

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.3 Interest rate risk (cont'd)

31.3.1 Interest rate sensitivity analysis(cont'd)

The following illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-25 (2016: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Effect on profit for the year

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
2017 (+/-25bp)	(62,820)	-	63	-
2016 (+/-25bp)	-	(3,849)	-	57,853

31.4 Foreign currency risk

The Company is expected to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company's policy is to keep the foreign exchange exposure to an acceptable level.

The Group is exposed to transactional currency risk primarily through sales and costs of sales that are denominated in a currency other than the functional currency to which they related. The currency giving rise to this risk is primarily United States Dollar ["USD"], Indonesian Rupiah ["IDR"], Philippine Peso ["PHP"], Euro ["EUR"], Australia Dollar ["AUD"], Bangladesh Taka ["BDT"] and Papua New Guinea Kina ["PGK"].

The net unhedged financial assets and financial liabilities of the Group that is not denominated in the functional currency other than those disclosed in the notes above, are as follows:-

Financial assets and liabilities held in non-functional currency:

	RTB Group 2017 RM	REI Group 2016 RM
Trade and other receivables		
USD	76,655,940	841,695
IDR	6,517,354	4,476,926
EUR	121,242	-
AUD	214,694	87,177

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.4 Foreign currency risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group that is not denominated in the functional currency other than those disclosed in the notes above, are as follows (cont'd):-

Financial assets and liabilities held in non-functional currency (cont'd):

	RTB Group 2017 RM	REI Group 2016 RM
Cash and bank balances, deposits and short-term placements		
USD	19,009,707	293,180
IDR	60,938	21,760
PHP	4	758
EUR	3,205,857	1,379
AUD	3,451	1,541
BDT	1,668,613	-
PGK	5,921,675	-
Trade and other payables		
USD	(135,295,501)	(5,037,669)
IDR	(195,629)	-
EUR	(27,521)	(94,473)
AUD	(9,622)	-
PGK	(1,819,767)	-
Borrowings		
USD	(32,227,490)	-
Net exposure		
USD	(71,857,344)	(3,902,794)
IDR	6,382,663	4,498,686
PHP	4	758
EUR	3,299,578	(93,094)
AUD	208,523	88,718
BDT	1,668,613	-
PGK	4,101,908	-

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.4 Foreign currency risk (cont'd)

31.4.1 Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/IDR exchange rate, RM/PHP exchange rate, RM/EUR exchange rate, RM/AUD exchange rate, RM/BDT exchange rate and RM/PGK exchange rate assuming all other things being equal.

A +/-2% and +/-3% (2016: +/-2% and +/-3%) change in the RM/USD, RM/IDR, RM/PHP, RM/EUR, RM/AUD, RM/BDT and RM/PGK exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the RM had strengthened/weakened against the USD, IDR, PHP, EUR, AUD, BDT and PGK then the impact would be as follows:-

Effect on profit for the years

	RTB Group 2017 RM	REI Group 2016 RM
RM/USD		
-Strengthened 3% (2016: 3%)	(2,155,720)	117,084
-Weakened 3% (2016: 3%)	2,155,720	(117,084)
RM/IDR		
-Strengthened 2% (2016: 2%)	127,653	(89,974)
-Weakened 2% (2016: 2%)	(127,653)	89,974
RM/PHP		
-Strengthened 3% (2016: 3%)	1	(23)
-Weakened 3% (2016: 3%)	(1)	23
RM/EUR		
-Strengthened 2% (2016: 2%)	65,992	(1,862)
-Weakened 2% (2016: 2%)	(65,992)	1,862
RM/AUD		
-Strengthened 2% (2016: 2%)	4,171	1,774
-Weakened 2% (2016: 2%)	(4,171)	(1,774)
RM/BDT		
-Strengthened 1% (2016: Nil)	16,686	-
-Weakened 1% (2016: Nil)	(16,686)	-
RM/PGK		
-Strengthened 2% (2016: Nil)	82,038	-
-Weakened 2% (2016: Nil)	(82,038)	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

31.5 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price of quoted securities held as available-for-sale investments.

A 5% (2016: 5%) decrease in share price of each counter at the reporting date would have increase the Group's profit for the financial year by RM97,984 (2016:RM84,452). A 5% (2016: 5%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit for the financial year.

31.6 Reconciliation of liabilities arising from financial activities

	1 January 2017 RM	Cash Flows RM	Acquisition of subsidiary RM	31 December 2017 RM
Group				
Dividend	-	(4,726,577)	-	(4,726,577)
Revolving credit	-	817,530	22,838,270	23,655,800
Term loan	3,112,307	(426,677)	1,079,236	3,764,866
Finance lease liabilities	932,263	(624,903)	1,591,688	1,899,048
Total liabilities from financing activities	4,044,570	(4,960,627)	25,509,194	24,593,137
Company				
Dividend	-	(4,726,577)	-	(4,726,577)
Revolving credit	-	20,000,000	-	20,000,000
Total liabilities from financing activities	-	15,273,423	-	15,273,423

32. FAIR VALUE ON FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at reporting date approximate their fair values because they are re-priced to market rates on or near reporting date or they have a short maturity period.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
RTB Group				
2017				
Financial asset				
Non-derivative financial assets available-for-sale	1,959,674	-	-	1,959,674
REI Group				
2016				
Financial asset				
Non-derivative financial assets available-for-sale	1,689,041	-	-	1,689,041

There were no transfer between Level 1 and Level 2 in 2017 and 2016.

33. CAPITAL MANAGEMENT

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future business developments. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity when required.

In the management of capital risk, management takes into consideration the net debt equity ratio as well as the Group's working capital requirement. The net debt equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less total income tax payable, deferred tax liabilities and cash and cash equivalents. Total capital comprises share capital and reserves attributable to equity holders of the Group.

	RTB Group 2017 RM	REI Group 2016 RM	Company 2017 RM	Company 2016 RM
Net debt	248,320,482	48,951,569	(220,244)	(20,766,083)
Total capital	343,527,548	193,528,337	299,486,542	24,003,973
Total debt against equity ratio	0.72	0.25	-	-

There were no changes in the Group's approach to capital management during the financial year.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a. On 8 March 2017, Rohas Tecnic Berhad acquired the Rohas-Euco Industries Bhd ("REI") from Rohas-Euco Holdings Sdn. Bhd. and consequently became the immediate and ultimate holding company of the REI.

b. On 10 March 2017, the Company changed its company name from Tecnic Group Berhad to Rohas Tecnic Berhad.

c. On 10 April 2017, the Company entered into a heads of agreement with PT Safe Tower System Sdn Bhd and Kemuncak Agresif (M) Sdn Bhd for the acquisition of 4,900,068 ordinary shares in HG Power Transmission Sdn Bhd ("HGPT"), representing 75% equity interest in HGPT for a purchase consideration of RM91,660,000. This acquisition was completed on 31 October 2017.

35. COMPARATIVE INFORMATION

Certain comparative figures in the financial statements have been reclassified on the face of statements of financial position to conform with the current year presentation due to changes in classification: -

	Company As reclassified RM	Company As previously reported RM
2016		
Statements of financial position		
Financial assets		
Other investments	-	23,141,396
Cash and bank balances	23,170,697	29,301

Total number of issued shares : 472,657,651 ordinary shares
Voting rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	Total Shareholdings	% of Shareholdings
less than 100 shares	28	2.03	907	0.00
100 to 1,000 shares	185	13.44	118,773	0.03
1,001 to 10,000 shares	823	59.77	2,947,620	0.62
10,001 to 100,000 shares	219	15.90	7,690,131	1.63
100,001 to less than 5% of issued shares	118	8.57	222,645,612	47.10
5% and above of issued shares	4	0.29	239,254,608	50.62
Total	1,377	100.00	472,657,651	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Name of Shareholders	No. of Shares	Percentage (%)
1	NIK ANIDA BINTI NIK MANSHOR	145,743,531	30.83
2	CHAN LIEW HOON	38,412,968	8.13
3	SIA BUN CHUN	29,998,109	6.35
4	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @WAN AZMI BIN WAN HAMZAH	25,100,000	5.31
5	MAYBANK SECUTIRTIES NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: MAYBANK KIM ENG SECURITIES PTE LTD PT SAFE TOWER SYSTEMS SDN BHD	17,800,000	3.77
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @WAN AZMI BIN WAN HAMZAH	16,600,000	3.51
7	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NIK ANIDA BINTI NIK MANSHOR	15,000,000	3.17

ANALYSIS OF SHAREHOLDING AS AT 23 MARCH 2018

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Name of Shareholders	No. of Shares	Percentage (%)
8	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	14,072,100	2.98
9	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	13,962,500	2.95
10	CITIGROUP NOMINEES (ASING) SDN BHD BENEFICIARY: EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	9,200,000	1.95
11	GAN KIM HUAT	8,695,949	1.84
12	GRACEFUL ASSESSMENT SDN BHD	8,035,000	1.70
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	7,983,400	1.69
14	CHIN FOOK LAI	6,129,300	1.30
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (NOMURA)	6,000,000	1.27
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: NATIONAL TRUST FUND (IFM KENANGA)	5,826,000	1.23
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	4,872,200	1.03
18	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD BENEFICIARY: AS BENEFICIAL OWNER (PF)	4,777,000	1.01
19	ZENITH HIGHLIGHT SDN BHD	4,136,257	0.88
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND	3,360,800	0.71

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Name of Shareholders	No. of Shares	Percentage (%)
21	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	3,200,000	0.68
22	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD FOR TENAGA NASIONAL RETIREMENT BENEFIT TRUST FUND	3,189,200	0.67
23	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	3,044,400	0.64
24	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR ABDUL AZIZ BIN ABU BAKAR	2,749,900	0.58
25	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	2,736,300	0.58
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PAMB FOR PARTICIPATING FUND	2,700,000	0.57
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: ETIQA LIFE INSURANCE BERHAD	2,469,000	0.52
28	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: CIMB COMMERCE TRUSTEE	2,265,000	0.48
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: ETIQA LIFE INSURANCE BERHAD	2,224,000	0.47
30	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD BENEFICIARY: AS BENEFICIAL OWNER (TMEF)	2,186,00	0.46

ANALYSIS OF SHAREHOLDING AS AT 23 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

<table>
<tr><th rowspan="2">Name of Shareholders</th><th colspan="2">Direct Interest</th><th colspan="2">Indirect Interest (1)</th></tr>
<tr><th>No. of Shares</th><th>%</th><th>No. of Shares</th><th>%</th></tr>
<tr><td>NIK ANIDA BINTI NIK MANSHOR</td><td>145,743,531</td><td>30.83</td><td rowspan="2">42,305,710</td><td rowspan="2">8.95</td></tr>
<tr><td>KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NIK ANIDA BINTI NIK MANSHOR</td><td>15,000,000</td><td>3.17</td></tr>
<tr><td>CHAN LIEW HOON</td><td>38,412,968</td><td>8.13</td><td>29,998,109</td><td>6.35</td></tr>
<tr><td>SIA BUN CHUN</td><td>29,998,109</td><td>6.35</td><td>38,412,968</td><td>8.13</td></tr>
<tr><td>KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @WAN AZMI BIN WAN HAMZAH</td><td>25,100,000</td><td>5.31</td><td rowspan="3">160,743,531</td><td rowspan="3">34.01</td></tr>
<tr><td>PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NIK AWANG @WAN AZMI BIN WAN HAMZAH</td><td>16,600,000</td><td>3.51</td></tr>
<tr><td>NIK AWANG @WAN AZMI BIN WAN HAMZAH</td><td>605,710</td><td>0.13</td></tr>
</table>

Notes:
(1) Deemed interested by virtue of shares held by their spouse

DIRECTOR SHAREHOLDINGS

Name of Shareholders	Direct Interest		Indirect Interest (1)	
	No. of Shares	%	No. of Shares	%
NIK AWANG @WAN AZMI BIN WAN HAMZAH	42,305,710	8.95	160,743,531	34.01
SIA BUN CHUN	29,998,109	6.35	38,412,968	8.13

Notes:
(1) Deemed interested by virtue of shares held by their spouse

LIST OF PROPERTIES

NO	Address	Description/ Existing Use	Land/ Built up Area (sq ft)	Tenure/Date of Expiry of Lease	Age of Building	Net Book Value @31/12/17	Revaluation, if any
1	Lot 12-13, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory and office	76,055 / 36,194	66 years expiring on 08.04.2059	10 years	3,595,246	-
2	Lot 5D, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Warehouse and store	224,029 / 71,005	66 years expiring on 22.03.2053	27 years	3,203,256	-
3	No 20, Bemban Industrial Estate, Jalan Bemban. 31000 Batu Gajah Perak	Factory	20,234 / N/A	60 years expiring on 28.03.2055	16 years	2,731,858	3,400,000
4	Lot 11, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Warehouse and store	335,700 / 36,000	66 years expiring on 08.04.2059	26 years	2,420,562	-
5	Lot 5C, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Vacant land	133,074 / N/A	66 years expiring on 22.03.2053	N/A	2,362,012	-
6	Unit 3A33,3A35,3A37 & 3A39 Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya	Office	6,297	23.01.2094	N/A	2,200,000	2,300,000
7	Lot 18, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory	219,909 / 38,182	66 years expiring on 16.09.2053	15 years	2,162,994	-

LIST OF PROPERTIES

NO	Address	Description/ Existing Use	Land/ Built up Area (sq ft)	Tenure/Date of Expiry of Lease	Age of Building	Net Book Value @31/12/17	Revaluation, if any
8	Lot 20D, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory, ware-house and office	130,680 / 45,200	66 years expiring on 25.01.2060	23 years	1,864,686	-
9	Lot 10, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory, warehouse and office	217,800 / 48,420	66 years expiring on 22.03.2053	30 years	1,484,499	-
10	Jalan SS 3/60, Petaling Jaya	Workers housing	3,199	Freehold	42 years (reg. April 1977)	1,280,000	1,800,000

PROXY FORM

ROHAS TECNIC BERHAD
(Incorporated in Malaysia)

I/We,____NRIC No./Passport No./Company No.______________________________

of____

being a member/members of **ROHAS TECNIC BERHAD**, hereby appoint

Full Name	NRIC No./Passport No	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

*and/*or failing him/her (*delete as appropriate)

Full Name	NRIC No./Passport No	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

or failing him/her/them, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Ixora Room, Level 10, Double Tree by Hilton Hotel Kuala Lumpur, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur, on Tuesday, 8 May 2018 at 10.00am or any adjournment thereof and *my/our proxy is to vote as indicated below:-

No	AGENDA :-	RESOLUTION	*FOR	*AGAINST
1.	Payment of a Final Dividend of 1.5 sen per ordinary share	1		
2.	Re-election of Wan Azmi bin Wan Hamzah, Tan Sri as Director	2		
3.	Re-election of Sia Bun Chun as Director	3		
4.	Re-election of Wong Mun Keong as Director	4		
5.	Re-election of Leong Wai Yuan as Director	5		
6.	Re-election of Mohamed Tarmizi bin Ismail as Director	6		
7.	Re-election of Chee Suan Lye as Director	7		
8.	Re-election of Dr. Ir. Jeyanth Ramasamy as Director	8		
9.	Re-election of Shahrulanuar bin Ishak as Director	9		
10	Approval of Directors' fees and benefits of RM186,000.00 for the financial year ended 31 December 2017.	10		
11.	Approval of Directors' fees and benefits from 1 January 2018 until the conclusion of the next Annual General Meeting of the Company.	11		
12.	Re-appointment of Messrs Grant Thornton Malaysia as Auditors and authorise the Directors to fix their remuneration.	12		
13.	Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	13		

(Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion).

Dated on this____________________ day of ___________________2018

CDS Account No.	
No. of shares held	

____

Signature(s)/Common Seal of Shareholder(s)

* Strike out whichever is inapplicable

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 April 2018 shall be eligible to attend and vote at this AGM or appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. A member who is an authorised nominee may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A member who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ***("omnibus account")***, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.
5. To be valid, this Form of Proxy must be completed, signed and deposited at the registered office of the Company at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not later than forty-eight (48) hours before the time set for the AGM or adjourned meeting

FOLD HERE

FOLD HERE

STAMP

THE COMPANY SECRETARY
ED Zone Management Sdn. Bhd.
149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Wilayah Persekutuan
Malaysia