



ARB Berhad

(FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD)
(Company no. 199701033435 (448934-M))

ANNUAL REPORT
2019



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COMPANY PROFILE

ARB Berhad (Formerly known as Aturmaju Resources Bhd), ("ARB" or "the Group") was incorporated in Malaysia under the Companies Act 1965 and have been listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The main activities done by the groups include manufacturing in various type of woods, software development, contract logging, leasing scows and tugboats, provision of management services and investment holding.

However, in view of the tough economic environment, ARB had gained approval from Bursa Malaysia to diversify into Information Technology ("IT") business to provide IT solutions and services. We develop customised Enterprise Resources Planning ("ERP") system to cater to our strategic partners' and clients needs. ERP is an integrated application that an organisation can use to collect, store, manage and interpret data from many business activities. ERP provides an integrated and continuously updated view of core business process using common databases maintained by a database management system. ERP facilitates information flow between all business functions and manages connections to outside stakeholders. Thus, it is allowed decision maker of the organisation to make decisions on the right time.

We provide Internet of Things ("IoT") system, engineering, procurement, commissioning and management to property developer and contractor. IoT is a system of interrelated computing devices, mechanical and digital machines that are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction. We design smart home solutions which can integrate a range of electrical appliances, centralised control and remote monitoring, accessible via mobile devices (iOS and Android) and Windows operating system. We provide a complete solution with full turnkey deployment from designing, installation, testing, pre-commissioning and commissioning of various IoT systems and devices as well as integration of automated systems for smart building, including installation of wire and wireless and mechatronic works.

ARB has its history firmly rooted in timber processing. However, due to the implementation of the new forest legislation by the new government, we have ceased our operation under the financial year review.



OUR DIVERSIFICATION MILESTONES

December 2018

- ARB diversifies its business to include IT solutions and related services

January 2019

- **ERP** - Business Contract with Yes's Comm Enterprise Sdn Bhd for RM20 million ERP project

March 2019

- **IoT** - Joint Venture Agreement with Perkasa Selalu Sdn Bhd for IoT SEPCM project for RM78 million Smart Home Service Apartment in Daerah Kuala Selangor

April 2019

- ARB Berhad officially changed its name from Aturmaju Resources Berhad

May 2019

- **Solar** - Secured a Green Project with an indirect wholly owned subsidiary of University Sains Malaysia to install, operate and manage Solar PV System at USM Faculty of Engineering
- **IoT** - Business Contract with IJ Ventures Sdn Bhd for IoT SEPCM project for 130 units single storey terrace houses in Perak, contract value of RM18 million
- **IoT** – Accepted Letter of Award from Ageson Berhad (*Formerly known as Prinsiptek Corporation Berhad*) for IoT SEPCM project for 260 units service apartment in Shah Alam, contract value of RM60.43 million

July 2019

- **IoT** – MOA with Shuifa IoT Tech. Co., Ltd for RM600 million IoT project for smart household water filtration system

August 2019

- **ERP** - Business contract with Tatan Land Co., Ltd for GMV USD20 million ERP project in Cambodia

December 2019

- Joint venture with Orange Social Media Sdn Bhd for ERP project
- Achieved record breaking revenue of RM102.64 million and profit after tax of RM32.82 million for the financial year ended 31 December 2019



SMART WATER FILTRATION PROJECT
MOA Signing Ceremony between ARBIOT Sdn Bhd & Shuifa IoT Co., Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Datuk Baharon Bin Talib

MANAGING DIRECTOR

Datuk Yeo Wang Seng

EXECUTIVE DIRECTORS

Yeo Gee Kuan

Lim Yun Nyen

Dato' Liew Kok Leong

INDEPENDENT NON-EXECUTIVE DIRECTOR

Khor Chin Meng

Tan Eik Huang

(Appointed on 24.05.2019)

AUDIT COMMITTEE

Khor Chin Meng **Chairman**

Datuk Baharon Bin Talib

Tan Eik Huang

(Appointed on 03.06.2019)

NOMINATION COMMITTEE

Datuk Baharon Bin Talib **Chairman**

Khor Chin Meng

Tan Eik Huang

(Appointed on 03.06.2019)

REMUNERATION COMMITTEE

Datuk Baharon Bin Talib **Chairman**

Khor Chin Meng

Tan Eik Huang

(Appointed on 03.06.2019)

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)

Thien Lee Mee (LS0009760)

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd (187984-H)

Level 15-2, Bangunan Faber Imperial Court

Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel: 03-2692 4271

Fax: 03-2732 5388

AUDITORS

Messrs RSM Malaysia (AF 0768)

5th Floor Penthouse, Wisma RKT, Block A

No. 2, Jalan Raja Abdullah,

Off Jalan Sultan Ismail,

50300 Kuala Lumpur.

Tel: 03-2610 2888

Fax: 03-2698 6600

HEAD OFFICE

No. 17-03, Q Sentral,

2A, Jalan Stesen Sentral 2,

Kuala Lumpur Sentral,

50470 Kuala Lumpur.

Tel: 03-2715 0238

Email: contact@arbberhad.com

Website: www.arbberhad.com

REGISTERED OFFICE

TB 8285, Lot 20C

Perdana Square Commercial Centre

Mile 3 ½, Jalan Apas,

91000 Tawau, Sabah.

Tel: 089-911026 / 089-913970

Fax: 089-911304

PRINCIPAL BANKERS

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

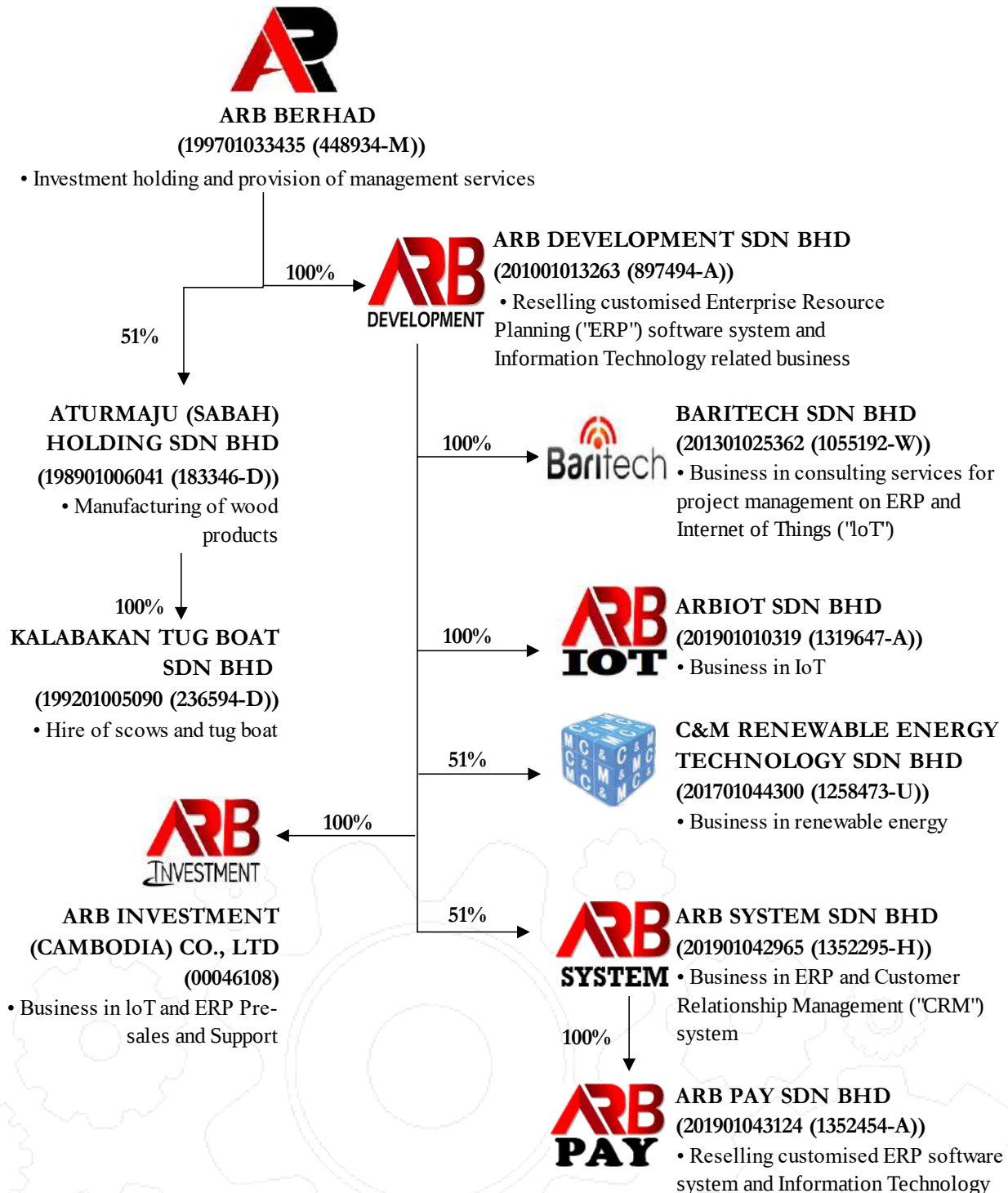
Main Market

Stock Name: ARBB (7181)

Stock Name: ARBB-PA (7181PA)

CORPORATE STRUCTURE

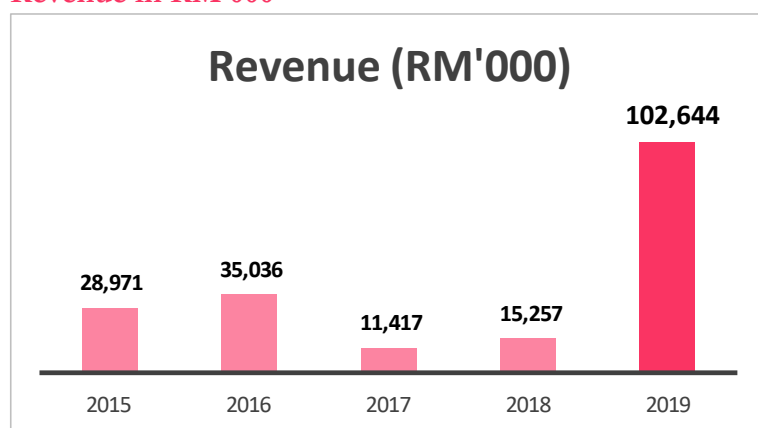
Our core business of the Group is in IT solutions and timber activities of both upstream and downstream operations. The Group structure and core activities of the subsidiaries company are as follows: -



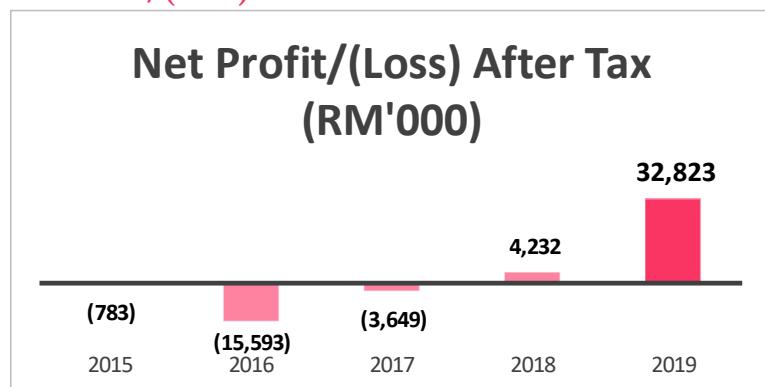
5 YEARS GROUP FINANCIAL HIGHLIGHTS

In RM('000)	2015	2016	2017	2018	2019
Revenue	28,971	35,036	11,417	15,257	102,644
Net Profit/(Loss) After Tax	(783)	(15,593)	(3,649)	4,232	32,823
EPS (Cents)	(1.28)	(25.52)	(5.97)	6.30	11.46

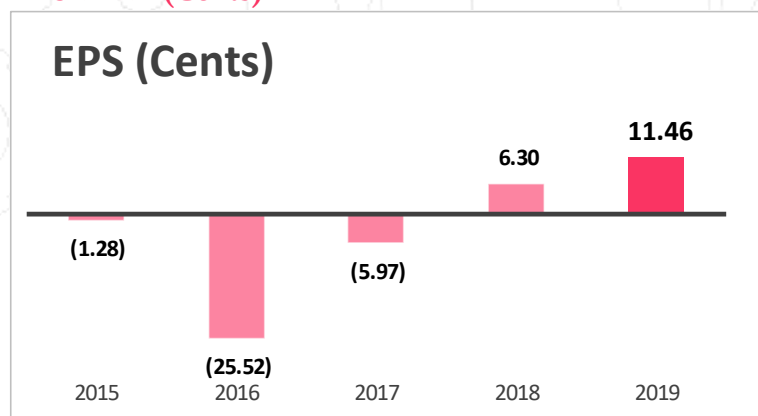
Revenue in RM'000



Net Profit/(Loss) After Tax in RM'000



EPS in RM(Cents)



PROFILE OF BOARD OF DIRECTORS



DATUK BAHARON BIN TALIB

Age/Gender: 68/Male

Nationality: Malaysian

Independent Non-Executive Chairman

Member of Audit Committee

Chairman of Nomination Committee and Remuneration Committee

Datuk Baharon was appointed to the Board of Directors of ARB Berhad (formerly known as Aturmaju Resources Berhad) ("ARB" or the "Company") ("Board") as Independent Non-Executive Director of the Company on 20 October 2010 and has been re-designated to Independent Non-Executive Chairman on 31 May 2013. Datuk Baharon was graduated from University of Malaya and possesses a Degree in History. Datuk Baharon served as government servant for 35 years and held various positions in the government sector. Datuk Baharon started his career as an Assistant District Officer, State Secretarial Office, and also at the Ministry Level with the Federal Government.

Datuk Baharon last post was State Immigration Director of Sabah.

Datuk Baharon holds directorships in Ageson Berhad (Formerly known as Prinsiptek Corporation Berhad). He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

DATUK YEO WANG SENG

Age/Gender: 70/Male

Nationality: Malaysian

Managing Director

Datuk Yeo is the Managing Director of the Company and was appointed to the Board on 1 November 2003. He oversees the sourcing of logs including marketing of woods products and financial management of the Group's operations.

Datuk Yeo started his career in the wood industry in 1968, working as a trainer in a sawmill in Johor. Subsequently, in 1970, Datuk Yeo worked as a sawing contractor for a sawmill based in Kuantan. In 1978, Datuk Yeo was employed as a manager in a sawmill based in Terengganu prior moved to Sabah in 1980. Datuk Yeo started his operation in Sabah as a sawing contractor and then became the Managing Director of a well-established sawmill company based in Tawau from 1983 to 1986. Datuk Yeo commenced timber logging operations in Tawau since 1987 and in 1989, Datuk Yeo accompanied with some business associates established Aturmaju (Sabah) Holding Sdn Bhd ("AHSB") as a sawmilling company. AHSB was subsequently expanded into timber logging and plywood and related downstream products operating and barging. Over the years and through his involvement as Managing Director, Datuk Yeo has accumulated vast and over 41 years of experience in the timber industry and has established sound rapport with the buyers of woods products. This has placed him an advantageous and primary role in the marketing of woods products.

Datuk Yeo does not hold any directorships in any other public companies. Datuk Yeo is the father of Mr Yeo Gee Kuan, an Executive Director of ARB. Datuk Yeo does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.



PROFILE OF BOARD OF DIRECTORS (CONT'D)



DATO' LIEW KOK LEONG

Age/Gender: 47/Male

Nationality: Malaysian

Executive Director

Dato' Liew holds Bachelor of Science (Distinction) in Electronic & Electrical Engineering from Robert Gordon University, Aberdeen, United Kingdom and Master of Science in Communication Systems from University of Wales, Swansea, United Kingdom. He has 21 years of experience in Information Technology, manufacturing, telecommunication, property development and venture capital investment. He has established a number of companies and subsidiaries in Malaysia, Singapore and China.

He oversees IT Segment of the Group, who actively involves in business development and technology application.

Dato' Liew holds directorships in Ageson Berhad (Formerly known as Prinsiptek Corporation Berhad). He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

YEO GEE KUAN

Age/Gender: 44/Male

Nationality: Malaysian

Executive Director

Mr Yeo Gee Kuan was appointed to the Board as Executive Director on 1 November 2003. He holds a Business Certificate from Tafe College, Australia. Upon his return from Australia, he was appointed as Sawmill Manager by AHSB and subsequently appointed as Director of Operations of AHSB on 18 July 2001. He has considerable and direct experience of over 15 years in timber industry covering the activities range from manufacturing to export trading.

Mr Yeo does not hold any directorships in any other public companies. He is the son of Datuk Yeo Wang Seng, the Managing Director of ARB. Mr Yeo does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.



PROFILE OF BOARD OF DIRECTORS (CONT'D)



LIM YUN NYEN

*Age/Gender: 49/Male
Nationality: Malaysian
Executive Director*

Mr Lim Yun Nyen was appointed to the Board as Executive Director on 1 November 2003. He is an Operational Director of AHSB. He holds a Diploma in Business Studies in 1990 before joining Ernst & Young as an Audit Assistant for 4 years. In 1995, he joined AHSB as an Accounts Supervisor and was subsequently promoted to Finance and Administrative Manager in 1997. He has over 19 years of experiences in the timber industry and involved in the co-ordination and day-to-day operations of the mills and assumed his current position in 2000.

Mr Lim does not hold any directorships in any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. Mr Lim does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.

KHOR CHIN MENG

*Age/Gender: 48/Male
Nationality: Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee and Remuneration Committee*

Mr Khor is a fellow member of the Fellowship of Chartered Certified Accountant (FCCA). Mr Khor has 24 years of professional experience in auditing and taxation. He started his career since 1996 by joining a Malaysia audit firm. He became a partner of a corporate firm in 1997, and owned a Tax Advisory firm since 2010.

Mr Khor has been re-designated to Chairman of Audit Committee on 3 June 2019.

Mr Khor does not hold any directorships in any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.



PROFILE OF BOARD OF DIRECTORS (CONT'D)



TAN EIK HUANG

Age/Gender: 34/Male

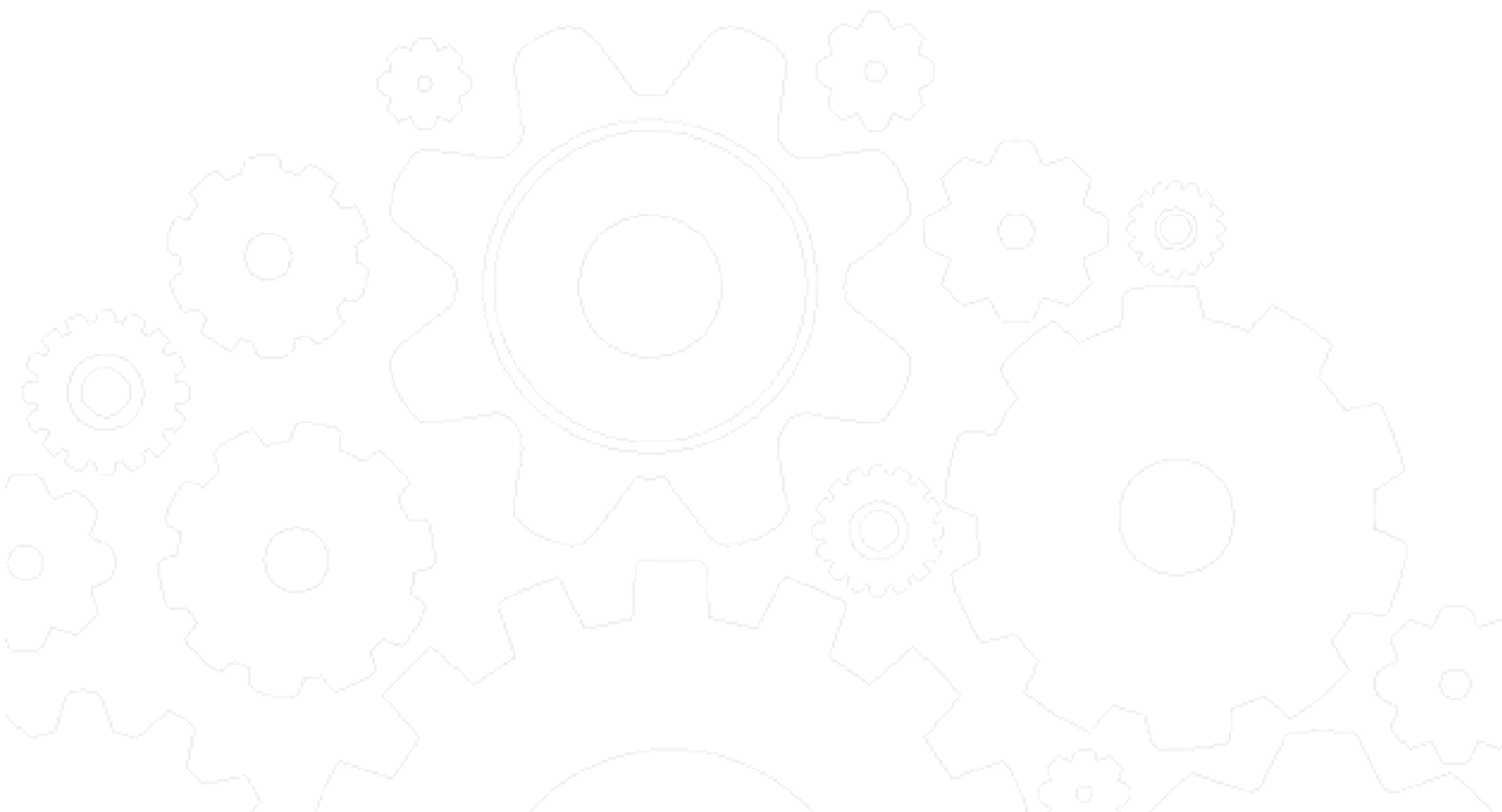
Nationality: Malaysian

Independent Non-Executive Director

Member of Audit Committee, Nomination Committee and Remuneration Committee

Mr Tan Eik Huang was appointed to the Board as Independent Non-Executive Director on 24 May 2019. He graduated with Degree in Accounting from University Utara Malaysia. He is a member of Malaysian Institute of Accountants (MIA). He has over 5 years of experience in account and audit services. After 5 years of services in accounting and audit, he joined as Finance Manager in Enterprise Resources Planning (ERP) system industry who leads the company's finance and consultant department for 3 years.

Mr Tan does not hold any directorships in any other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past 5 years other than traffic offences, if any.



PROFILE OF KEY SENIOR MANAGEMENT

Comprise of all the 3 Executive Directors and 1 Key Senior Management staff. The profiles of the 3 Executive Directors are as stipulated on pages 6 to 9.

Profile of Key Management Staff

LEE HOOI CHING

Age/Gender: 37/Female

Nationality: Malaysian

Group Controller

Ms. Lee graduated with a Bachelor of Science from Oxford Brookes University with Upper Second Class Honours, United Kingdom. She is a Chartered Accountant by profession, a fellow member of the Fellowship of Chartered Certified Accountant (FCCA), United Kingdom, a member of Certified Public Accountant (CPA), Australia, and a member of Malaysian Institute of Accountants (MIA).

Ms. Lee has over 13 years of professional experience in auditing, manufacturing, banking and finance. She started her career in 2006 by engaging an accounting firm and followed by an international medium accounting firm, RSM Robert Teo, Kuan & Co as an audit associate.

Subsequently, she joined a public listed company as a Group Accountant since 2008. She pursued her career to local and overseas banking and finance industry since year 2010.



Save as disclosed, none of the Key Senior Management Staff has :-

- any directorship in public companies and listed issuers;*
- any family relationship with any Directors and/or major shareholders of the Company;*
- any conflict of interest with the Company;*
- any conviction for offences within the past 5 years other than traffic offences; and*
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.*

CHAIRMAN'S STATEMENT

“This was an electrifying and exceptional year for us to have a breaking year in terms of performance and profitability. It was not merely a celebration of outstanding results but also a remarkable grow in Group’s shareholding structure.”

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of ARB Berhad (Formerly known as Aturmaju Resources Berhad) (the “Board” or “the Company” or “the Group” or “ARB”), it gives me great pleasure to present the Annual Report and Audited Consolidated Financial Statements of the Company for the year ended 31 December 2019 (“FYE2019”).

As the Chairman of ARB, it is essentially for me to ensure that the Company is in the pace of constant growth. Though it is easier said than done, I am confident that we can achieve our vision with the support from the Board that comprised of individuals with excellent credential and experience. In addition, we have a Management team with sheer determination and focus to accomplish the mission and overcome challenges.

INDUSTRY OUTLOOK AND PROSPECTS

The year 2019 witnessed the prevailing uncertainties in the global economy as well as important changes in Malaysia’s political and economic landscape continue posing challenges to the Company’s performance. Amongst others, the international front on on-going Coronavirus COVID-19 outbreak from China, US-China trade disputes, uncertainty surrounding Brexit, and a change in our Federal Government which affect overall spending in both public and private sectors and other geopolitical risks arising.

Nevertheless, the Company’s financial performance was relatively strengthening despite the external challenges faced and is expected to elevate in the next financial year.

Despite the ceased operation of Timber Segment, 2019 is a fascinating year for ARB as we have come back to the black with a boon to our earning mainly contributed by Information Technology (“IT”) Segment. This was driven by the implementation of our enterprise cloud computing business applications and platforms, customised Enterprise Resources Planning (“ERP”) systems to our strategic partners’ business and Internet of Things (“IoT”) Intelligent Lifestyles Concept.

The Group had undertaken efforts to venture into new business development and continued to build on the strength of IT Segment which emerged and improved the financial performance positively. In addition, the Group has continuously streamlined its structure to enhance the efficiency of its operations. Efforts that have been undertaken include disposing non-performing subsidiaries and ventured into IoT renewable energy industry through acquisition of a subsidiary in Malaysia.

In result, the Group’s revenue increased by 573%, RM87.4 million, as compared to RM15.3 million in the preceding year. For the year under review, the Group recorded a profit before taxation of RM33.0 million for financial year ended 2019 as compared to a profit before taxation of RM4.3 million for the previous financial year ended 2018.

CHAIRMAN'S STATEMENT

(CONT'D)

INDUSTRY OUTLOOK AND PROSPECTS (CONT'D)

Essentially, the Group succeeded with its restructuring program to reduce operating expenses. With its promised to the stakeholders, to concentrate on profitable and high growth business in large part to ARB's IT Segment success in securing fresh projects. A striking and creditable project was multitude of transformation which thereafter ripple through the entire eco-system of business, industry and society.

MOVING FORWARD

To further improve revenue, the Company is intensifying its efforts in venturing into new markets in the Asia region such as China, Singapore, and Cambodia, pursuing new business opportunities and collaborating with strategic domestic and overseas partners to secure more profitable IT and IoT projects, solutions and new business venture for the Company.

Digital technology advances are changing what the consumers' need and expect, while new entrants into our industry strive with established providers to introduce new and innovative products and services. Hence, we shall expand our clientele via a strategic partners and dedicated Management team in identifying business opportunities in the market while addressing the business partners' entire business challenges in order to achieve better business performance.

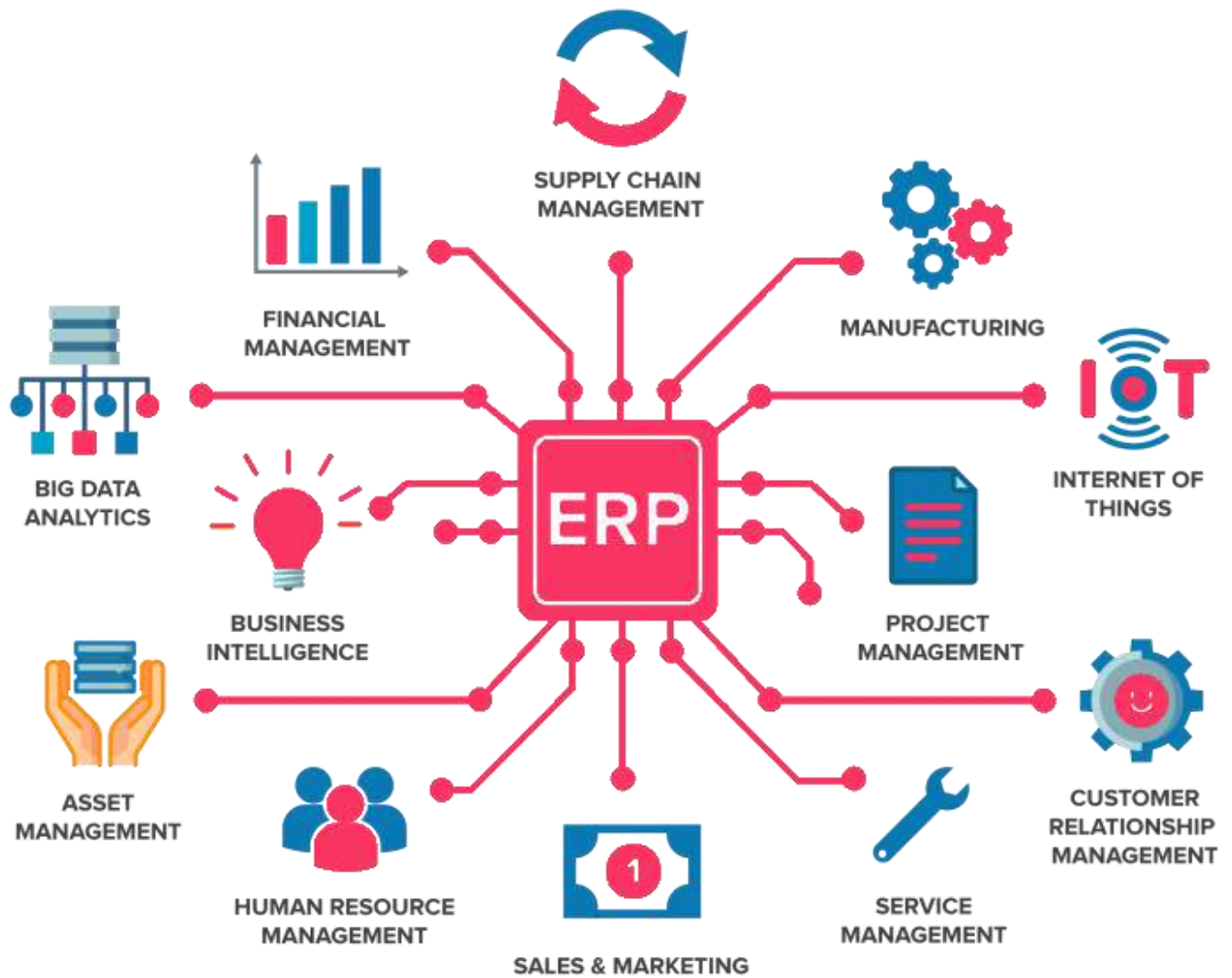
ACKNOWLEDGEMENTS

On behalf of the Board, strong foundations have been laid since we began our turnaround and I believe that we have focused on the right priorities as we continue to rebuild and strengthen the business.

I would like to take this opportunity to extend my sincere gratitude to our shareholders, strategic partners and clients for their continuous support and trust, grateful appreciate to my fellow directors for their concerted effort and insights through the past years. The growth of the business would not be attained without the hard work and unstinting efforts from the Group's management team and the unwavering commitment of their continued hard work and dedication. We will all look forward to 2020 and the continuing growth in the Group to achieve its aspirations.

DATUK BAHARON BIN TALIB
Independent Non-Executive Chairman





MANAGEMENT DISCUSSION AND ANALYSIS

ARB BERHAD (ARB Group) Information Technology division is bringing together a diverse range of enterprise through Business Application Platform. ARB fields a solid amalgamation of technology skillsets to engage multiple industries.

OVERVIEW OF BUSINESS OPERATIONS

Since ARB diversified into IT business, our mission for IT Segment is to strive for creating local opportunity and growth that enable strategic partners and clients to optimise their resources and improve its operation efficiency and productivity. We continue to transform our business to the new era of the intelligent cloud and intelligent edge by bringing our enterprise cloud computing business applications and platforms together into experiences and solutions that unlock value for our strategic partners and clients.

In the next phase of innovation, physical and virtual worlds are coming together with the IoT and mixed reality to create richer experiences that understand the context surrounding people, the things they use, the places they go, and their activities and relationships. ARB implements Smart Water Metering and Smart Household Water Filtration Project in year 2020, in line with the Federal Government's announcement of National Industry 4.0 Policy.

ARB enterprise cloud computing business applications and platforms are designed to be intuitive and user friendly. Our enterprise cloud computing business applications and platforms empower sales teams of our strategic partners and clients to manage their sales in a faster, smarter and in the way they want. Our strategic partners and clients use enterprise cloud computing business applications and platforms to store data, monitor leads and progress, forecast opportunities, gain insights through analytics and relationship intelligence, and deliver quotes, contracts and invoices. Besides, our platforms also help our strategic partners and clients drive increased engagement, conversion, revenue and loyalty from their customers.

VISIONS AND STRATEGIES

Strategically, this has been a very significant year for ARB Group, having embarked on a series of plans to move ARB Group towards achieving its vision of being one of the best deliver the best-of-breed solutions that simplify the intricacies of business operations for its strategic partners and clients.

We invest for future growth to achieve our vision, our key priorities to focus on as listed below: -

- **Expanding and strengthening the partner ecosystem**
We continue to work with and invest in strategic system integrators and independent software vendors to accelerate our potential partnering in various industries.
- **Expanding into new horizontal markets**
As part of our growth strategy, which is driven both organically and through acquisition, we are delivering innovative solutions in new categories, including analytics, commerce, IoT and integration, and expect to continue this type of horizontal expansion in the future.
- **Targeting vertical industries**
To meet the needs of our clients in certain industries, we provide solutions specifically built for certain vertical industries, such as retail and agricultural.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

VISIONS AND STRATEGIES (CONT'D)

In addition to key elements of our growth strategy describe above, from time to time, we evaluate opportunities to acquire or invest in complementary businesses, services, and technologies. These evaluations resulted in our acquisition and joint venture of several companies in 2019, including C&M Renewable Energy Technology Sdn Bhd and Orange Social Media Sdn Bhd which expanded our business. ARB is also constantly reviewing potential acquisitions that are synergistic in expanding the IT division of the Group.

FINANCIAL AND OPERATIONAL PERFORMANCE

Although Manufacturing Segment has ceased operation, first quarter of FY2019 was a turnaround for ARB to embed in IT Segment related to the provision of IT integration on customised ERP Systems, IoT and IoT renewable energy. This transitional year brings the challenge to ARB and the group to close the year to a profitable note.

IT Division

The IT Segment remains the Group's major revenue source. In 2019, revenue of IT Division grew by approximately 1,181% from RM8.0 million in 2018 to RM102.5 million in 2019, the growth in revenue was driven by improved contribution from IT Segment, which constituted nearly 99.9% of the Group.

The increase was mainly contributed by the IT Segment, particularly from the successful implementation of our customised ERP systems to our strategic partners' business in achieving our shared business target. The Group continued to experience strong business partnership throughout 2019 as reflected on the four consecutive quarter-on-quarter results.

Manufacturing and Service Division

2019 was a challenging year to Manufacturing and Service Division, the Group disposed 49% of shareholding in particular of the division, which recorded the Manufacturing Division a NIL revenue 2019 as opposed to RM7.0 million in 2018, mainly due to cease operation in consequence of the new forest legislation implemented by the new government whilst Service Division had a much lower revenue compared to last financial year 2018. It represented 0.1% of total Group's Revenue. The unfavourable performance from Service Division was because of the decline in sales orders under the financial year review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL AND OPERATIONAL PERFORMANCE (CONT'D)

Result of Operations

The Group has increased of Net Profit After Tax by approximately 676% from RM4.2 million to RM32.8 million. This was mainly due to increase in Revenue of 573% which majority contributed by IT Segment.

Result of Operations (Figure in RM'000)

Years	2019 RM'000	2018 RM'000	%
Revenue	102,644	15,257	573 ↑
Net Profit After Tax	32,823	4,232	676 ↑
EBITDA*	34,292	4,809	613 ↑
Earning per Share (cent)	11.46	6.30	82 ↑

* “EBITDA” is a non-MFRS term which represents earnings or losses before net interest expense, income taxes, depreciation and amortisation, and non-controlling interests. The MD&A presents certain non-MFRS financial measures to assist readers in understanding the Company’s performance. Non-MFRS financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with MFRS.

FUTURE OUTLOOK

In this digital transformation generation and the trend of Industrial Revolution 4.0 (“IR 4.0”), it creates business opportunities for ARB Group to promote our enterprise cloud computing business application and platforms and IoT solutions to our strategic partners and clients to automate retail industries results and helping to increase consistency in operating efficiency and quality. ARB Group is always driving its strategic partners and clients to ahead with the present technology changes and remain relevant to the economy of Malaysia and worldwide.

In the next 5 years, our aspirations are to achieve higher predictability in our business performance where the profits generated from recurring business, cross selling and upselling all range of products and services across our strategic partners’ business. Development of a strong revenue recurring business model continues to be the main concentration for ARB Group. We aim to expand geographical coverage and access various new industry sectors by taking advantage of cross-border business opportunities. In line with our regional expansion plan, we intend to collaborate with local partners to extend our footprint in our IT Segment in countries through acquisition of business and technologies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FUTURE OUTLOOK (CONT'D)

Due to our unique mix of engaging IoT and expertise in enterprise cloud computing business application and platforms, such as ERP systems, we are well positioned to assist our strategic partners to harness the power of big data. Through our expertise, our strategic partners will be able to capture, analyse and utilise data, which was previously unstructured, undiscovered and under utilised. The data can now be used by our strategic partners to drive business growth through increase knowledge of patterns, trends, and associations, especially relating to consumer behaviour and interaction.

We believe in order to maintain and capture new market segments, we strive for continuous innovation, which includes continuous acquisition of business, technologies and intellectual properties. We are keeping abreast with the latest development and trends in the IT industry. Furthermore, we will increase marketing efforts to enhance our brand name in the market.

RISKS AND EXPOSURE

As the current slowdown economy condition domestically and globally, it is our utmost priority to identify, evaluate, manage and determine the risks and uncertainties, many of which are beyond our control and force majeure that anticipate influencing the Group activities.

Here, we highlight below the principal foreseeable risks that may have material effect on the Group's strategic directions, operations, performance, financial condition and liquidity as well as the approach to mitigate these risks.

KEY AREA	RISK FACTORS	MITIGATION MEASURES
External Risk	Uncertainty of political issue might lead to changing the laws in IT industry.	The Group will seek for professional advice for the amendment of the laws, and management will follow the latest announcements from relevant authorities on timely basis.
Strategic and Competitive Risk	Moving further into digital era, the outlook for IT industry and we expect competition remains challenging as market competition intensifies, which could erode our market position or pricing power. With the rapid development of technologies, especially from the foreign players, our IT division is also subject to inherent risk of technological obsolescence.	The Group seek to minimise these risks by actively and continuously pursuing technological advancements to strengthen our efforts to keep abreast with the latest technology direction, adopting industry best practices and forming strategic business alliance with key technology providers to come to grips with the increasingly sophisticated needs of our strategic partners and clients.



SUSTAINABILITY STATEMENT

CONTENTS

About This Sustainable Reporting

Scope of Period

Sustainability Governance

- Sustainability Governance Structure
- Stakeholder Engagement

Material Assessment

Economic

Inovation

Financial Performance

Business Conduct

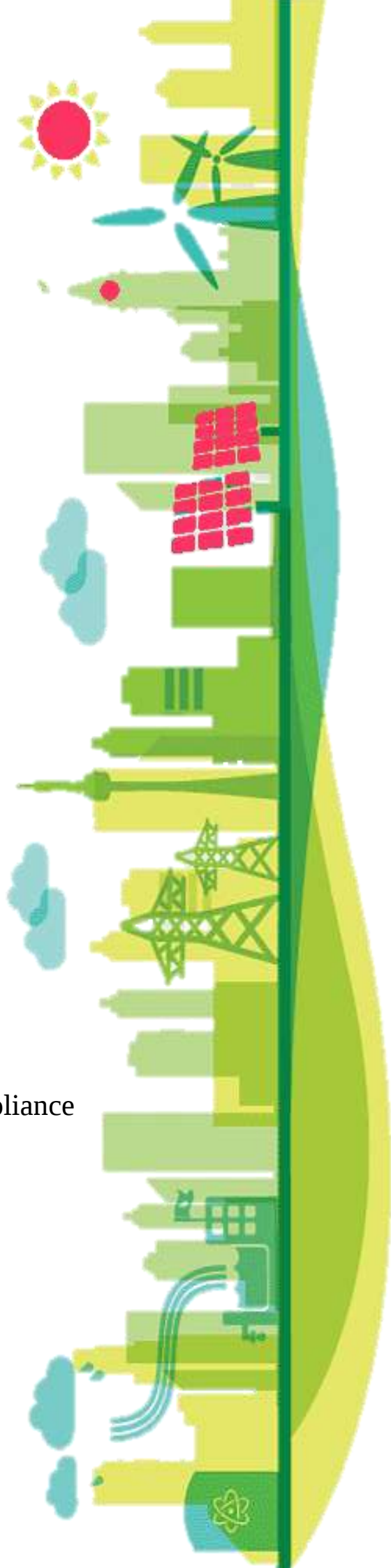
- Integrity Operational Matters
- Anti-Corruption Policies
- Risk Management Assessment
- Whistle-Blowing Policies
- Corporate Governance and Compliance

Workplace

Environment

Society

Progress Against Targets / KPI in Sustainability



SUSTAINABILITY STATEMENT

About This Sustainable Reporting

This Sustainable Statement published by ARB Berhad (“ARB” or “the Group”) for the financial year ended 31 December 2019. All financial amounts stated in the statement are denominated in Ringgit Malaysia (RM) unless otherwise stated.

Sustainability Statement

ARB firmly believes that economic, environmental and social responsibility (“EES”) and corporate governance are the core of the sustainable business, and we are committing to embed sustainability in our business operations, culture and ensuring we practice sustainability at every business aspect at our level of operations.

In this statement, we intend to provide our stakeholders with reliable EES information in relation to our Group’s business activities. We remain committed to accomplishing and executing our business strategy in line with the EES targets as sustainability is a necessary and continuous commitment by the Group and its leadership.

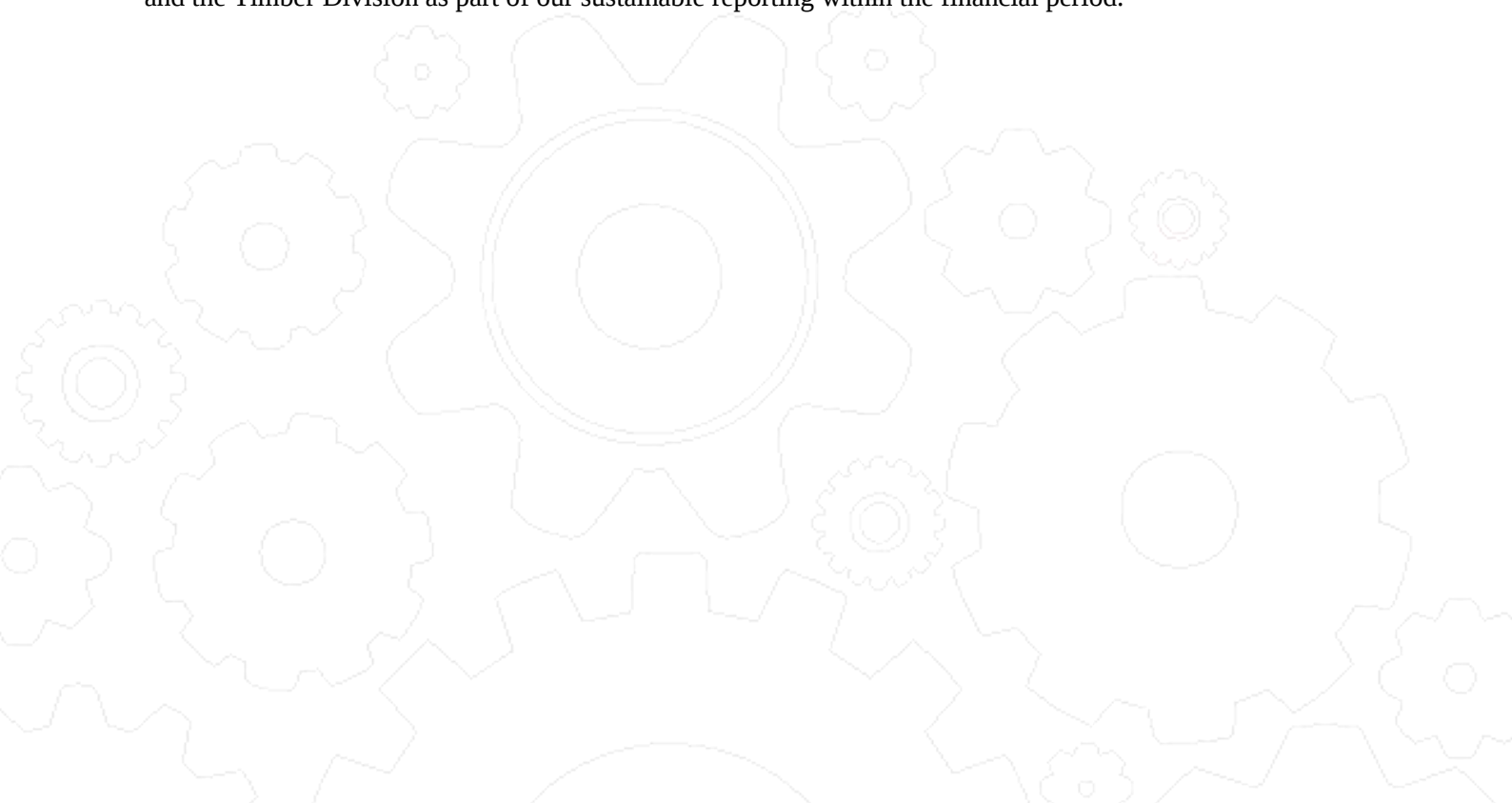
During the financial period, ARB has revamped the entire business division to further focus on IT and the IoT as a going concern thus improving its value to stakeholders and further improve its financial performance.

Scope of Period

The scope of our Sustainability Statement covers the period from 1 January 2019 to 31 December 2019. The policies and strategies discussed throughout this Statement are engaged by the Group unless otherwise specified.

Our Sustainability Approach

Our Sustainability Approach integrates two business divisions that are the Information Technology Division and the Timber Division as part of our sustainable reporting within the financial period.



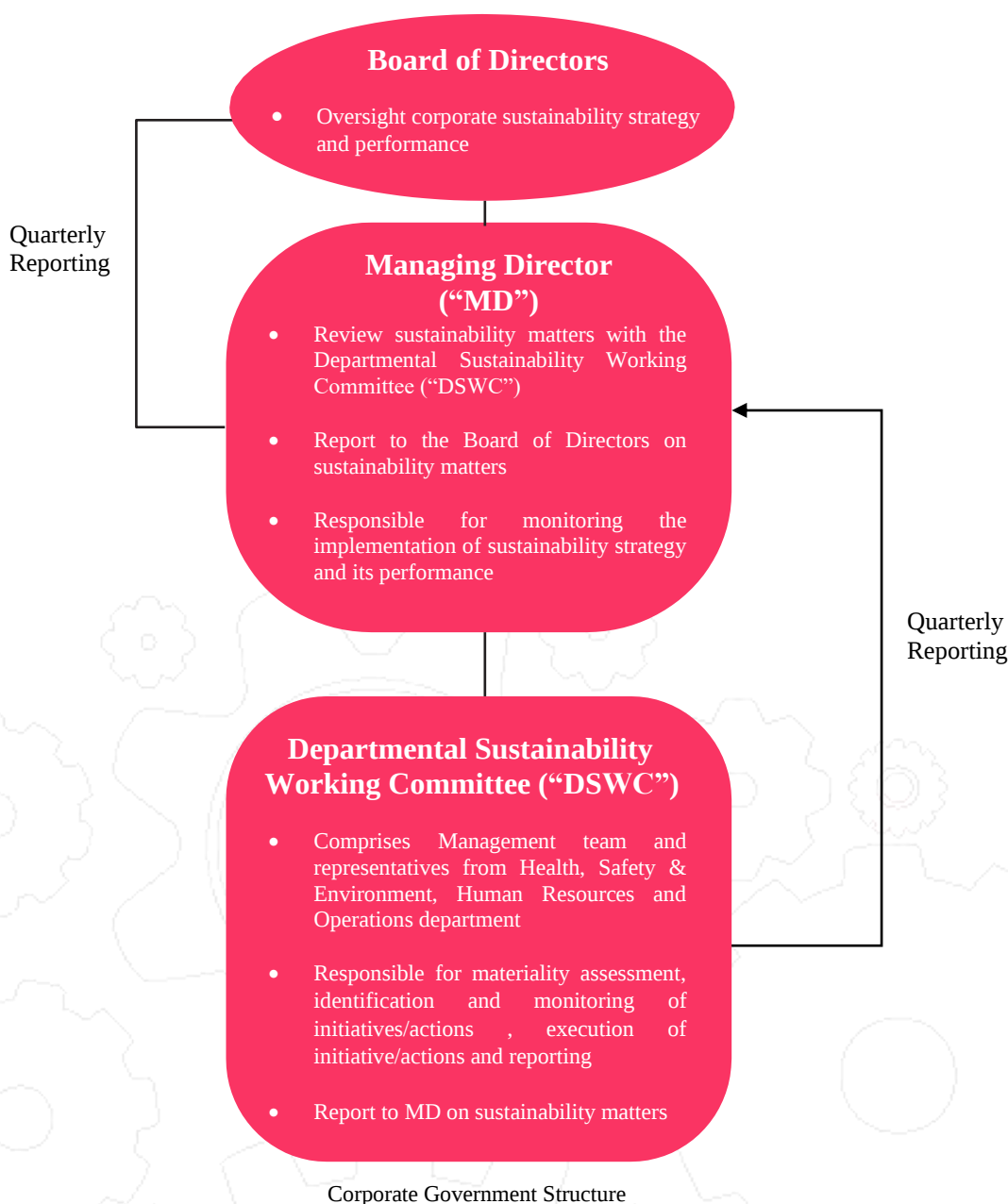
SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance

Sustainability Governance Structure

The Board of ARB has overall responsibility for the Group, please refer to page 4 of ARB Annual Report 2019 for ARB Berhad's Corporate Structure.

The Group does not have a formal structure Sustainability Committee, however, the Group has defined the corporate structure as shown below: -



SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance (Cont'd)

Stakeholder Engagement

ARB relies its business on partnerships and working with a diversity of stakeholders. The table below lists the topics concerned.

Stakeholder Group	Frequency and Type of Engagement	Concerned Topics	How We Manage The Issues
Customers (existing and potential)	Frequency: Ongoing Type: Awareness program, one to one engagement, marketing materials, roadshows	- Quality of product - Late delivery - Product defects - Re-engage with customers and avoid repetitive mistakes - Product prices and value of products	- Quality Management System - Competitively price against our competitors
Employees	Frequency: Regular, ongoing Type: Knowledge sharing sessions, Internal customer engagement programme, Internal customer satisfaction survey, Innovation Accelerator Programme	- The well-being of the company and job security - Staff welfare and benefits - Safety environment at work - Work competency	- Staff engagement programmes - Implementation of Environment Safety and Health ("ESH") programmes involving employees - Job-related training and workshops
Suppliers	Frequency: Occasional Type: Performance review meetings, workshops, coaching for compliance	- Compliance issues - Tender prices and payments - Cost efficiency and introduction of products - Workers quarters - ESH	- Engagement with suppliers during Safety Day and assurance audit - Constant and regular communications - Process improvement - Engage and share concerns with relevant parties - ESH roadshow, ESH elements in tender and contract documents

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance (Cont'd)

Stakeholder Engagement (Cont'd)

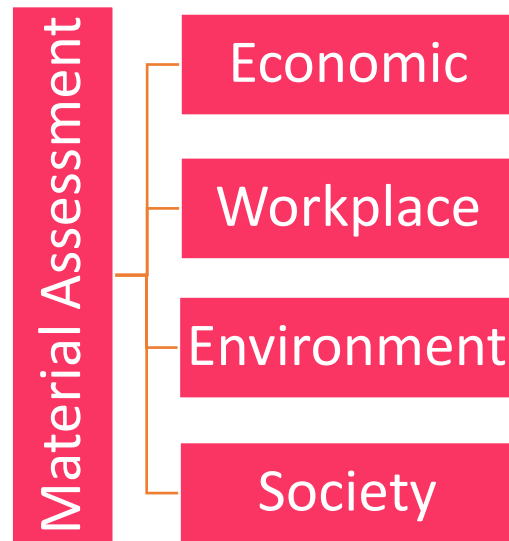
Stakeholder Group	Frequency and Type of Engagement	Topics of Concern	How We Manage The Issue
Investors	Frequency: Annual, quarterly Type: Annual general meeting, quarterly results announcement, press conference, analysts briefing, meetings	- Legal compliance - Financial performance at expense of environmental/social well-being - Business risks - Soft market conditions - Negative public perception	- Monthly reporting and regular audit - Engagement with investors & sharing of strategy - Rolling out diversified affordable products
Business Partners	Frequency: Ad hoc Type: Meetings, discussions, functions, product launches	- Payment - Terms of reference ("TOR") - Appraisal - Human rights - ESH	- Standard Operating Procedure ("SOP") - Proper SOP for monitoring and tracking - Audit and using e-tendering - Benchmarking
Governments and Regulators	Frequency: Ad hoc Type: Meetings, pre-consult submission, periodical monitoring & reporting	- Customer rights - Compliance	- Responsible reporting and marketing communications - Monitoring of compliance (e.g. legal checklist)

ARB took an interest in the issues raised by the stakeholders when adopting the sustainability issues that are pivotal and relevant to us.

SUSTAINABILITY STATEMENT (CONT'D)

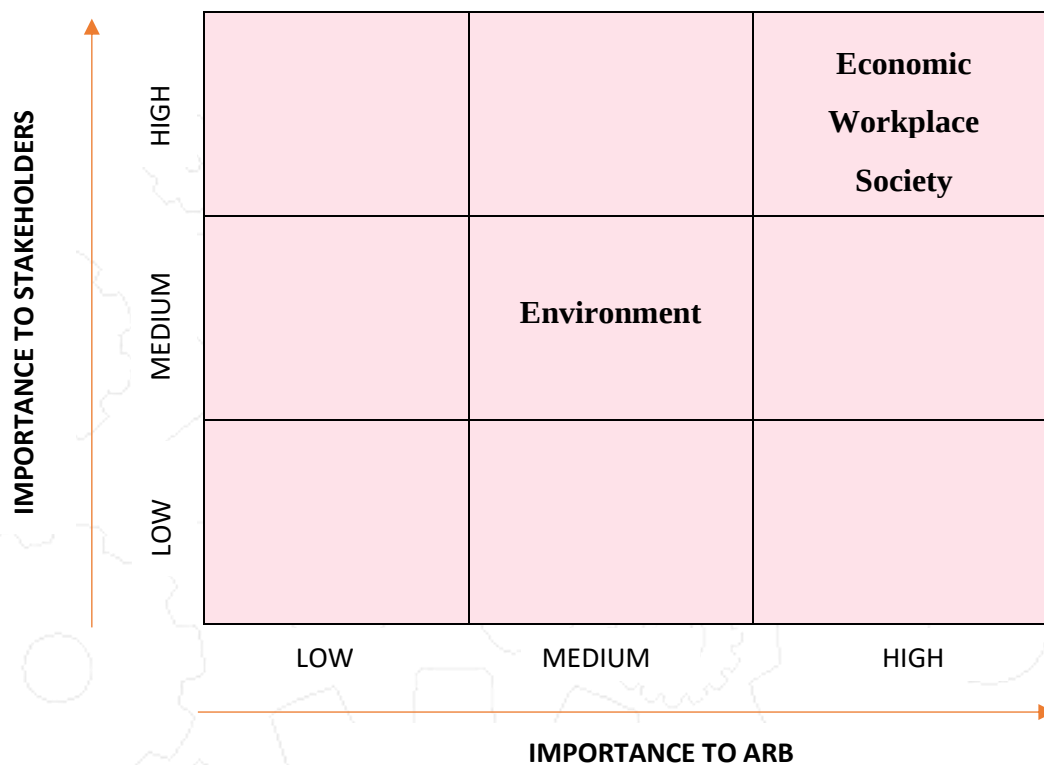
Material Assessment

For the purpose of addressing the material issues within the Sustainability framework, the Board has identified several pertinent material issues during the reporting period. The material assessment are listed below: -



We have classified four areas of concerned that is Economic, Workplace, Environment and Society.

ARB's Materiality Matrix as below: -



SUSTAINABILITY STATEMENT (CONT'D)

Material Assessment (Cont'd)

Economic

Innovation

Products, Research & Development and Services - Bringing Continuous Innovation to Our Customers.

Our ERP Manufacturing solutions provide seamless manufacturing business operations for customers in Malaysia. Some users skim the edges of our technology when they use our customers' services, while others are fully immersed, driving their business forward with integrated applications built on our advanced ERP technology. Our ERP solution is a powerful cloud application, built to enrich and improve businesses for a specific purpose. By working together, our system can integrate, learn, and improve goes beyond basic software and database solutions.

Our Intelligent ERP Framework

In the digital economy, companies need both standard applications and a highly flexible platform that allows them to: -

- Extend and customised cloud and on-premise ERP applications
- Develop new applications for different processes
- Integrate cloud and on-premise applications

ERP Cloud Platform is a customisable cloud enterprise platform, an environment where companies can build, test, run, manage, and expand software applications in the cloud. It offers comprehensive capabilities to help business users to mobilise quickly and get going in less time.

Products, Research & Development and Services - Bringing Continuous Innovation to Our Customers

Customers can apply, among other things, mobile services, advanced analytic tools, state-of-the-art authentication mechanisms, and social functionality. ERP Cloud Platform enables businesses to connect and integrate on-premise customers, as well as partners, to innovate quickly and easily on ERP Cloud Platform while leveraging the capabilities of our ERP Cloud Platform.

Supply Chain Management

To meet the rising expectations of today's discerning, tech-savvy customer, companies need to respond quickly and accurately to their demands, which means creating responsive and distributed manufacturing and supply chain networks. Our solutions enable customers to set up a real digital supply chain that provides real-time visibility into manufacturing, logistics, and how their assets are operating, enabling them to optimise maintenance and service schedules.

SUSTAINABILITY STATEMENT (CONT'D)

Material Assessment (Cont'd)

Economic (Cont'd)

Financial Performance

ARB's Financial Performance Highlights FYE 2019



REVENUE
(RM'000)

RM102,644

(FYE 2018 - RM15,257)



NET PROFIT AFTER TAX
(RM'000)

RM32,823

(FYE 2018 - RM4,232)

For more information about the Group's financial performance, please refer to the 5 Years Group Financial Highlights on page 5 of the ARB Annual Report 2019.

SUSTAINABILITY STATEMENT (CONT'D)

Material Assessment (Cont'd)

Economic (Cont'd)

Business Conduct

Integrity Operational Matters

At ARB, we conduct our activities in accordance with the laws, rules, and regulations in the various places that we operate as well as support our employees to consistently uphold the highest standard of integrity and accountability.

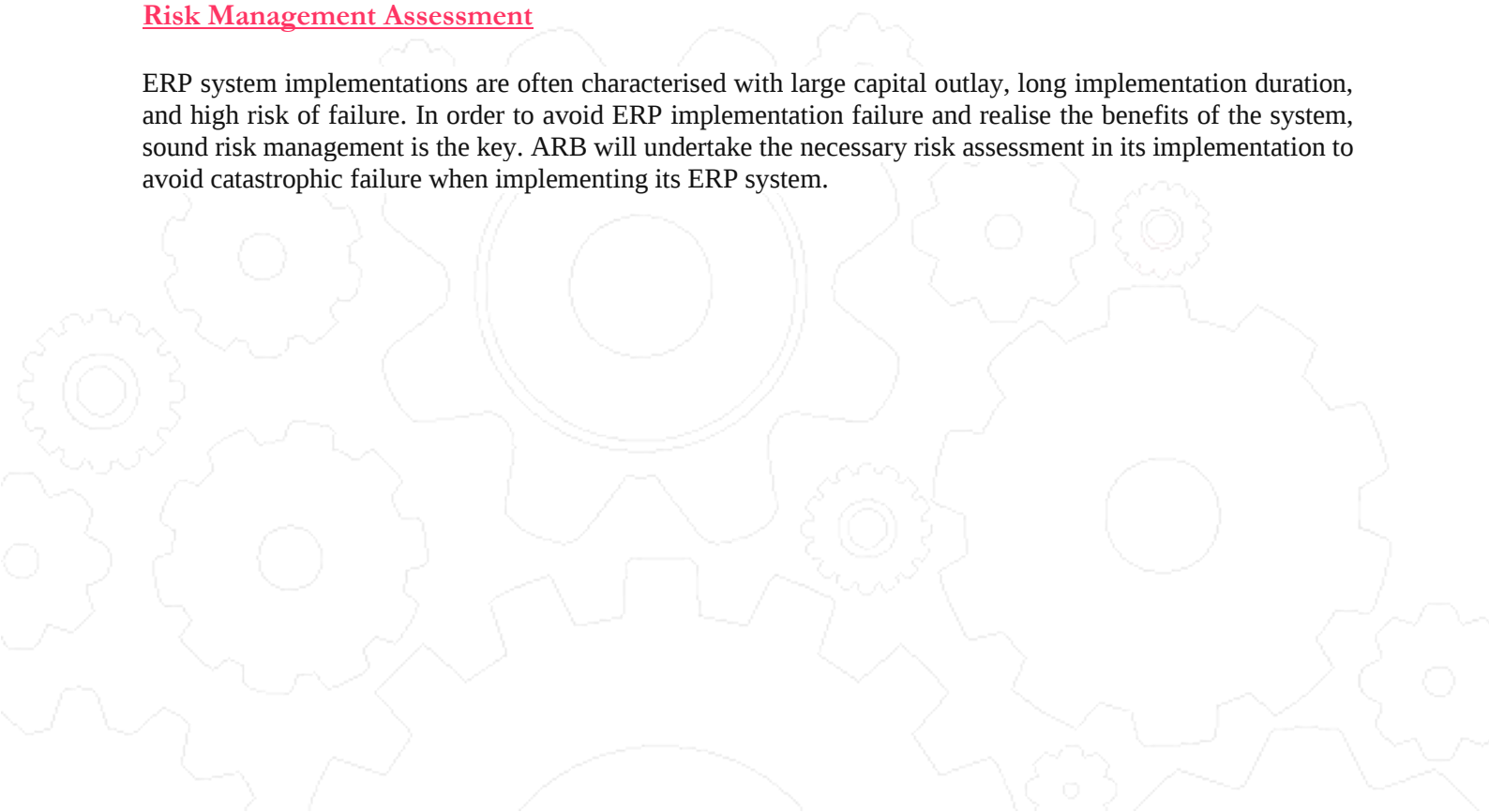
Anti-Corruption Policies

It is the policy of the Group to conduct all its business in an honest and ethical manner and to act in good faith. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and implementing and enforcing effective Anti-bribery Management Systems (“ABMS”) to counter bribery and corruption. The Group will uphold and comply with all anti-bribery and anti-corruption laws in Malaysia and in all jurisdictions in which it may operate.

Bribery and corruption are punishable for individuals by up to 20 years' imprisonment and if the Group is found to have taken part in corporate corruption it could face a fine not less than 10 times the sum or value of gratification or RM1 million, whichever is higher and damage to its reputation. Bribe recipients as well as bribe-givers can also be penalised. It therefore takes the legal responsibilities very seriously.

Risk Management Assessment

ERP system implementations are often characterised with large capital outlay, long implementation duration, and high risk of failure. In order to avoid ERP implementation failure and realise the benefits of the system, sound risk management is the key. ARB will undertake the necessary risk assessment in its implementation to avoid catastrophic failure when implementing its ERP system.



SUSTAINABILITY STATEMENT (CONT'D)

Material Assessment (Cont'd)

Economic (Cont'd)

Business Conduct (Cont'd)

Whistle Blowing Policies

Our existing Whistle Blowing Policies can be found at our website link below: -



<https://www.arbberhad.com/corporate-governance-arbberhad>

Corporate Governance and Compliance

ARB is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance ("MCCG") to ensure that standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long term shareholders' value and returns to our stakeholders.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on pages 33 to 57 of this Annual Report as well as Corporate Governance Report for an announcement and publication at www.arbberhad.com.



<https://www.arbberhad.com/corporate-governance-arbberhad>

As part of our compliance, we instilled Code of Ethics into our business practice and operation. More of the policies can be found at our website includes our Board Charter, Audit Committee, Remuneration Committee and Nomination Committee.



<https://www.arbberhad.com/corporate-governance-arbberhad>

SUSTAINABILITY STATEMENT (CONT'D)

Material Assessment (Cont'd)

Workplace

Healthy and safe working environment

The Group continuously strive to provide a healthy and safe working environment for our employees. Regular workplace examination is one of the main responsibilities of the management to ensure workplace are organised, neat, tidy and safe. Fire and safety drills, as well as risk awareness briefing, and workplace safety awareness campaign are held to increase employees' awareness and knowledge for the safety issues and to respond in the event of emergency.

Health Safety and Environment ("HSE") Compliance

Aturmaju (Sabah) Holding Sdn Bhd which operates the Timber Division places HSE on its priority list to ensure the welfare of its workers work in a safe and healthy environment. During the financial reporting period, there is no injury reported.

Training

The Group consistently keeps the technical personnel trained and updated on the techniques and technologies that can help them to perform their duties effectively. This will improve their performance and productivity while at the same time, increase their value and future marketability. The Group is committed to staff development by providing on-the-job training and external training programs for all levels of staffs in order to develop their skills and knowledge for their career development.

Employee Benefits

As a caring employer, ARB strives to continuously enhance the benefits and well-being of its employee and endeavour it best to ensure that employees' well-being is well-thought-out regardless of their job category in the best possible way.

During the year, we have updated our Employee Handbook with additional benefits include dental, optical, long service awards, training subsidises and enhanced other employees' benefits and allowances. The Group tends to focus on internal company activities with staffs bonding focus. Through the activities planned, it will help in strengthening the interaction between colleagues in different departments. Additionally, fostering feelings of social cohesion within the Group has a positive chain reaction on employees morale and teamwork. As we value our employees, we intend to continue this cycle of positive enforcement.



CHINESE NEW YEAR CELEBRATION (GROUP OFFICE)

SUSTAINABILITY STATEMENT (CONT'D)

Material Assessment (Cont'd)

Workplace (Cont'd)

ARB Internship

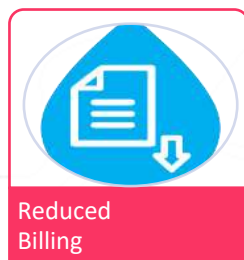
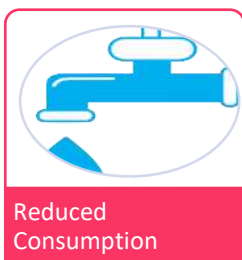
ARB Internship Programme aims at developing offers an opportunity to undergraduate students keen on taking up some industrial experience before fully joining the workforce. We develop the students as an individual and include: -

- a holistic approach to bridge the gap between study and work experience with customised job rotation;
- enhancing leadership skills among others, via involvement in group-wide special projects;
- International Assignments to immerse the students in our global operations; and
- face-to-face development interventions where a dedicated coach and mentor is assigned to guide the students throughout their journey.

Environment

In view of the challenging environment on timber, the group has significantly scaled the timber business operations thus re-strategise the business operations to develop enterprise cloud computing business applications and platforms including customisation ERP systems and IoT Segment for the strategic partners and clients. Therefore, the environmental impact on the use of resources i.e. water, air, and energy are minimum.

The Group received certification from “MyHijau” during the financial year for Design & Build Green Building GBI Consultant & Services during the year.



Society

The Group committed the importance of being a responsible corporate citizen. In this regard, the Group contributed a donation to Persatuan Usahawan Dan Dermawan Malaysia during the year.

SUSTAINABILITY

STATEMENT (CONT'D)

Progress Against Targets / KPI in Sustainability

As part of our sustainability effort, below are the benchmarks to be created/enacted to enable us to follow a certain set of guidelines.

Indicators	Contents	Unit of Measure	Level of Indicator	Related Goals	Type of Indicator
Economic					
Consumer Awareness	Measuring the aspect of consumer/customer awareness and sustainability; exploring and understanding barriers to sustainable consumption/lifestyles (sensitivity, behaviour, customer/decision-making, habits), a company's own activities by examining, measuring and analysing the impacts of its products and services.	qualitative	progressive		non-specific
Product Quality	Measuring the number of complaints received from customers.	Unit of Number	progressive		non-specific
Rate of local sources	The rate of local sources/origins in - raw material - in products and services - among subcontractors and suppliers - among employees	%	recommended		non-specific
Workplace					
Management Training	The rate of managers participating in management training programmes (competency-based rather than professional ones, e.g. on leadership, sustainability, problem-solving, etc.)	%	recommended		non-specific
Time for Learning	The number of working days employees can spend attending training and development programmes (company training, open training programmes, attendance at tertiary education, self-education, etc.)	day	recommended		non-specific
Training and Development	Training and development programmes financed by a company and provided for / available to employees. (thematical programmes, language courses, professional training, skills development, leadership training, etc.)	Ft/person	recommended		non-specific

SUSTAINABILITY

STATEMENT (CONT'D)

Progress Against Targets / KPI in Sustainability (Cont'd)

Indicators	Contents	Unit of Measure	Level of Indicator	Related Goals	Type of Indicator
Workplace					
Reasonable Remuneration System	The rate of the lowest wage-earners / the percentage rate of the workers who earn a minimum wage and breakdown of this group by gender / the percentage rate of those earning the national average / the percentage rate of those earning more than that / the difference between lowest wage-earner and the highest-paid employee / the breakdown of the highest-paid by gender / difference between female and male severance payments and bonuses / the rate of benefits provided for basic needs in addition to normal wages – health insurance, pension plans, prevention, self-provisioning, housing benefit – the rate of "sustainable cafeteria plans / young career-starters entry income level / breakdowns by gender and age, assessing and monitoring wage differences / the rate of hired labour and direct employment and the reasonableness of their remuneration system / Transparent and standard bonus system, pay-rise and personnel promotion system	Ft and % and qualitative	progressive		non-specific
New Jobs Creation	The number of new jobs created for direct employees and in the value chain in one particular year through a company's efforts. (the difference between newly created and terminated jobs)	number	recommended		non-specific
Environment					
Environment Impact on Consumption of Product	The environmental impact and emissions arising from the consumption of products and directly associated with the use of services (e.g., waste, resource requirement, land use, dust emission, etc.)	the environment impact	progressive		industry-specific
Reuse of Waste	Waste prevention activities, the % recommended non-specific amount of waste produced, breakdown by type of waste.	%	recommended		non-specific

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS ("THE BOARD") OF ARB BERHAD (FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD) ("ARB" OR "THE GROUP" OR "THE COMPANY") IS PLEASED TO PROVIDE AN OVERVIEW OF CORPORATE GOVERNANCE PRACTICES BY ARB. THE BOARD RECOGNISES THE IMPORTANCE OF ADOPTING HIGH STANDARDS OF CORPORATE GOVERNANCE IN THE COMPANY IN ORDER TO SAFEGUARD STAKEHOLDERS' INTEREST AND ENHANCING SHAREHOLDERS' VALUE, GOOD CORPORATE GOVERNANCE PRACTICES ARE INSTILLED TO ENSURE LONG-TERM SUSTAINABILITY.

The Board committed the importance of corporate governance practices in protecting and enhancing stakeholder value, increasing investors' confidence. Therefore, a high standard of corporate governance is observed and practiced throughout the Company and its subsidiaries to build sustainable business growth and responsibilities with integrity, transparency and professionalism, to enhance shareholders' value in the financial position of the Group.

The Board acknowledged the importance of adopting the principles and best practices of corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG") which was released in 2017 to build a sustainable business growth and safeguard the interest of the shareholders'. The Board will continuously evaluate and enhance the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG.

The Group has applied the three (3) main principles and complied with the best practice provisions as laid out in MCCG as describe throughout the financial year ended 31 December 2019 pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

- (i) Principle A : Board Leadership and Effectiveness;
- (ii) Principle B : Effective Audit And Risk Management; and
- (iii) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Board has listed specific disclosure on the application of each Practices in its Corporate Governance ("CG") Report. The details of how the group applied the CG code principles and complied with its practices could be obtained by access the link www.arbberhad.com. Shareholders are advised to read this CG Overview Statement with the CG Report in the announcement together in this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership

The Board is leading and managing the Company in an effective and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed and have a legal duty to act in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Leadership (Cont'd)

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The respective roles and responsibilities of the Board and management are clearly set out and understood by both parties to ensure accountability.

The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The Managing Director and Executive Directors, representing the management, are primarily responsible for the Group's day-to-day management and operations. The Managing Director and Executive Directors formulate operations plans and oversee the execution of these plans. The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance, balanced view and unbiased decision. They provide broader views, independent assessments and opinions on management proposals.

The principal roles and responsibilities assumed by the Board are as follows: -

Review and Adopt Strategic Plan of the Group

The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which to support the Group's business plan and budget plan.

- **Implementation of Internal Compliance Controls and Justify Measure to Address Principle Risks**
The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.
- **Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for The Group**
The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Review and Adopt Strategic Plan of the Group (Cont'd)

- **Succession Planning**

The Board has entrusted the Nomination Committee and Remuneration Committee with the duty to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

The Board, together with the management, put in place informal structure and practice to ensure key roles within the Group are supported by competent and calibre second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group. In addition, during the review of the performance and strategies presented, at times, the Board reviews on the adequacy of calibre and competent human resources that are put in place for daily management and control of operations as well as proper execution of approved strategies.

The roles and responsibilities of the Board defined in the Board Charter is available on the Company's website at www.arbberhad.com.

The Board has five (5) meetings for the financial year under review to consider: -

- i) relevant operational reports from the Management;
- ii) financial performance report;
- iii) specific proposals for capital expenditure and acquisitions, if any;
- iv) company's major issues and opportunities, if any; and
- v) quarterly financial statements for announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year: -

- i) approve annual financial statements, and other reports to shareholders;
- ii) consider and, if appropriate, declare or recommend the payment of dividends;
- iii) review the Board composition, structure and succession plan;
- iv) review the Company's audit requirements;
- v) review the performance of, and composition of Board Committees's;
- vi) undertake Board and individual Board member evaluations;
- vii) review Board remuneration; and
- viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Review and Adopt Strategic Plan of the Group (Cont'd)

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Managing Director holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Managing Director, assisted by other Executive Directors, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advise and contributing their knowledge and experience toward the formulation of policies and in the decision making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

Independent Chairman

During the financial year under review, the Board is chaired by an Independent Non-Executive Director and more than one-third (1/3) of the Board consists of Independent Non-Executive Directors.

The Chairman being an Independent Non-Executive Director, is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgment.

Datuk Baharon Bin Talib was designated as the Independent Non-Executive Chairman of the Company on 31 May 2013. The Chairman has been acting as facilitator at the meetings of directors and ensure smooth functioning of the Board in the interest of good corporate governance practice. The Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

The responsibilities of the Chairman are clearly defined in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Independent Chairman (Cont'd)

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

Separation in the Roles of the Chairman and Managing Director

During the financial year under review, the Company has complied with the recommendation of the MCCG where the positions of the Chairman and the Managing Director are held by different individuals, and that the Chairman is a non-executive member of the Board.

There is a clear segregation of duties between the Chairman and the Managing Director so as to ensure that there is always a balance of power and authority. The Chairman leads the Board and facilitates its work. He engages directly with the Managing Director to understand and oversee the strategy implementation and performance delivery. He is responsible for ensuring the processes of the Board are effective in carrying out its duties and responsibilities, including the timely provision of sufficient relevant information on financial and non-financial matters. The Chairman, in conjunction with the Managing Director and Company Secretary, sets agendas for the meetings of the board that focus in strategic direction and performance of the Group. The Managing Director is responsible for the day to day management of the Group's operations and business as well as implementation of Board's policies and decisions.

Qualified and Competent Company Secretaries

Every Director has ready and unrestricted access to the advice and the services of the Company Secretaries in ensuring the effective functioning of the Board. The Company Secretaries is to provide and assist the Board, Board Committee or Director individually on matters including but not limited to board procedures, rules and Articles of the Company, legislations, regulations, codes, guidelines and operations matter within the Group. The Board also regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements and the resultant implications to the Company and Directors in relations to their duties and responsibilities.

The Company Secretaries keep abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly.

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The Board recognises that the Company Secretaries are qualified and capable of discharging their duties required and as corporate governance compliance. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The appointment and removal of Company Secretary(ies) is vested in the power of Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification as and when they may need advisers or further explanation from Management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with external advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.

Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Board Charter

As part of governance process, the Board has adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available at the Company's website at www.arbberhad.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Code of Conducts and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has adopted the Code of Conducts and Ethics which summarises what the Company must endeavor to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioral considerations and/or actions as they address their duties and obligations during the appointment.

The Directors also observe and adhere to the Code of Conducts and Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Conduct and Ethics are available for reference at the Company's website at www.arbberhad.com.

Whistle-Blowing Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, productions fault, fraud, health and safety violations or corruption are usually known as first by the people who work in or with the Group. An early warning system such as whistle-blowing policy and procedure can help the Group detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis.

The Board thus in its effort to enhance corporate governance has put in place a whistle-blowing policy to provide an avenue for employees, suppliers and stakeholders to report genuine concerns about malpractices, unethical behavior or misconduct without fear of reprisal. Any concerns raised will be investigated and outcome of such investigation will be reported to the Board. Appropriate action will be taken to resolve the issue.

The details of the whistle-blowing policy are available for reference at the Company's website at www.arbberhad.com.

Strategies Promoting Sustainability

The Group recognises the importance of sustainability and its increasing impact to the business. The Group is committed to understand and implement sustainable practices and exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community the requirements of shareholders and stakeholders and economic success. The Board has adopted a Sustainability/ Environmental, Social and Corporate Governance ("ESG") Policy for the Group.

The Board recognises the environmental sustainability role as a corporate citizen in its business approach, and always endeavours in adopting most environmentally friendly, ecological and cost effective production process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Strategies Promoting Sustainability (Cont'd)

The Board also endeavours in developing Group's objectives and strategies having regard to the Group's responsibilities to its shareholders, employees, customers and other stakeholders and ensuring the long term stability of the business, succession planning and sustainability of the environment. The Sustainability Statement of the Group is also presented in pages 18 to 32 of this Annual Report.

Board Composition

The current Board of Directors consists of seven (7) members comprising: -

- One (1) Independent Non-Executive Chairman;
- One (1) Managing Director;
- Three (3) Executive Directors; and
- Two (2) Independent Non-Executive Directors.

The Company had complied with the requirement of the Paragraph 15.02 (1) of the Listing Requirements to have at least two (2) or one third (1/3) of its members make up of Independent Non-Executive Directors. The combination of diverse professionals with varied background, experience and expertise in finance and corporate affairs have also enabled the Board to discharge its responsibilities effectively and efficiently. The Board through the Nomination Committee regularly reviews the composition of the Board and Board Committees.

There is also a balance in the Board with the presence of three (3) Independent Non-Executive Directors of the necessary calibre and experience to carry sufficient weight in Board decisions. Although all the Directors have equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors is particularly important in providing an independent view, advice and judgment to take into account the interest of Group, shareholders, employees and communities in which the Group conducts its business.

The Board does not intend to identify a Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the general public, the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

A brief profile of each director is presented in pages 6 to 9 of this Annual Report.

Tenure of Independent Directors

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Tenure of Independent Directors (Cont'd)

However, as recommended by the MCCG, the tenure of an Independent Director should not exceed cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board will seek annual shareholders' approval through a two-tier voting process.

During the financial year under review, the tenure of the Independent Non-Executive Director ("INED"), Datuk Baharon Bin Talib had served the Company for more than nine (9) years as per the recommendations of the MCCG.

Following an assessment and recommendation by the Nomination Committee, the Board recommended that Datuk Baharon Bin Talib who has served as INED for a cumulative term of more than nine (9) years to continue to be designated as INED of the Company based on the following key justifications: -

- (i) he fulfills the criteria under the definition of independent director as stated in the Main Market Listing Requirements of Bursa Securities, therefore, is able to bring independent and objective judgment to the Board;
- (ii) his relevant experience and expertise in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and contribution and competence;
- (iii) he has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings;
- (iv) he is able to raise his independence views and devote sufficient time and exercise due care as Independent Directors of the Company and carry out his duties diligently in the interest of the Company and shareholders; and
- (v) from his perfect attendance record at Board and Board Committee meetings, it is demonstrable of his commitment towards the Company's needs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Tenure of Independent Directors (Cont'd)

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met. A familiarisation programme, including visits to the Group's business and operations premises and meetings with senior management will be arranged for new directors to enhance their understanding with the Group.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to Board Committees, review of Board's succession plans and training programmes for the Board. In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of Director to the Board is as follows: -

- i) the Nomination Committee reviews the Board's composition through Board assessment/evaluation;
- ii) the Nomination Committee determines skills matrix;
- iii) the Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv) the Nomination Committee recommends to the Board for appointment; and
- v) the Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include: -

- i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to discharge their duties effectively; and
- iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

The Company has during the year under review, appointed two (2) Independent Non-Executive Directors of various background, skills and knowledge to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the Group. The Group basically evaluate the suitability of candidates as new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience, integrity and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors of the Company in the future.

Currently, the Board does not comprise of any female director. The Board does not set any target timeline to meet gender diversity.

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed five (5) companies. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office is, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Listing Requirements.

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

This is evidenced by the attendance record of the Directors as set out in the section below.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Meeting and Attendance

During the financial year ended 31 December 2019, the Board conducted five (5) board meetings and each Board member fulfilled the required attendance of board meetings as required under Paragraph 15.05 of the Listing Requirements. The summary of attendance at the Board meetings is as follows: -

Present Directors

Name of Directors	Attendance	Percentage of Attendance
Datuk Baharon Bin Talib	5/5	100%
Datuk Yeo Wang Sang	5/5	100%
Dato' Liew Kok Leong	5/5	100%
Yeo Gee Kuan	5/5	100%
Lim Yun Nyen	5/5	100%
Khor Chin Meng (appointed on 31/01/2019)	5/5	100%
Tan Eik Huang (appointed on 24/05/2019)	2/2	100%

Former Directors

Name of Directors	Attendance	Percentage of Attendance
Au Yee Boon (resigned on 26/06/2019)	3/3	100%
Ng Kok Wah (resigned on 03/06/2019)	2/3	67%

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2019.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Continuing Education Programs

The Board recognises the importance of training as a continuous education process for the Directors in order to ensure that the Directors stay abreast of the latest developments and changes in laws and regulations, business environment and new challenges and to equip the Directors with the necessary knowledge and skills to enable them to fulfill their responsibilities and to discharge their duties effectively.

All Directors have attended and completed the Mandatory Accreditation Programme (“MAP”). In addition, seminars and conferences organised by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors’ are communicated to the Board for their participation at such seminars and conferences.

The Directors after accessing and identifying their own training needs, attended the following conferences, seminars and training programmed during the year under review: -

Directors	Date	Conference/Seminar/Training Attended
Dato' Liew Kok Leong	10/10/2019	Post Companies Act 2016 and Listing Requirements: Seeking Out Best Practices by Securities Commission Malaysia
	31/10/2019	Session on Corporate Governance and Anti-Corruption by Bursa Malaysia & Securities Commission Malaysia
Lim Yun Nyen	15/10/2019	Unclaimed Money Act 1965 by Jabatan Akauntan Negara Malaysia
Khor Chin Meng	11 & 12/4/2019	Mandatory Accreditation Programme for Directors of Public Listed Companies by Iclif Leadership and Governance Centre
Tan Eik Huang (appointed on 24/05/2019)	15 & 16/4/2019	MIA Public Practice Programme 2019 (Non-audit)
	23 & 24/7/2019	Mandatory Accreditation Programme for Directors of Public Listed Companies by Iclif Leadership and Governance Centre

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule.

However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge in order to enable them to discharge their responsibilities more effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Continuing Education Programs (Cont'd)

In addition to the above, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings.

Nomination Committee

As recommended by MCCG, the Company has established the Nomination Committee comprising exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis. The present members of the Nomination Committee are as follows: -

Chairman

Datuk Baharon Bin Talib - Independent Non-Executive Chairman

Members

Khor Chin Meng - Independent Non-Executive Director (Appointed on 31/01/2019)

Tan Eik Huang – Independent Non-Executive Director (Appointed on 03/06/2019)

Ho Pui Hold - Independent Non-Executive Director (Resigned on 31/01/2019)

Ng Kok Wah - Independent Non-Executive Director (Resigned on 03/06/2019)

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.arbberhad.com.

The summary of activities undertaken by the Nomination Committee during the financial year included the following: -

- i) reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- ii) recommended the appointment of two (2) Independent Non-Executive Directors; and
- iii) reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution.

Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis.

From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Evaluation for Board, Board Committees and Individual Directors (Cont'd)

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annually basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year 2019, the Board and the Nomination Committee are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committee members and the independence of its Independent Non- Executive Directors.

Re-election of Directors

The procedure on re-election of directors by rotation is set out in the Company's Constitution ("the Constitution"). Pursuant to the Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first meeting after their appointment. The Constitution also provide at least one third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election and re-appointment at the forthcoming Annual General Meeting of the Company to be held in 2020 are as stated in the Notice of Annual General Meeting.

Annual Assessment of Independence

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

Based on the assessment carried out during the financial year ended 31 December 2019, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfill the definition of independence as set out in the Listing Requirements.

Remuneration Committee

In line with the best practices of MCCG, the Board has set up a Remuneration Committee which comprising exclusively of Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee (Cont'd)

The present members of the Remuneration Committee are as follows: -

Chairman

Datuk Baharon Bin Talib - Independent Non-Executive Chairman

Members

Khor Chin Meng - Independent Non-Executive Director (Appointed on 31/01/2019)

Tan Eik Huang – Independent Non-Executive Director (Appointed on 03/06/2019)

Ho Pui Hold - Independent Non-Executive Director (Resigned on 31/01/2019)

Ng Kok Wah - Independent Non-Executive Director (Resigned on 03/06/2019)

The Terms of Reference of the Remuneration Committee can be viewed in the Company's website at www.arbberhad.com.

The summary of activity undertaken by the Remuneration Committee during the financial year included the following: -

- i) reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors of the Company.

Remuneration Policy

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group. The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole.

The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Director Remuneration

The following table shows the remuneration details of the Directors and Key Management Personnel during the financial year: -

- a) Aggregate remuneration of Directors categorised into appropriate components.

	Fees (RM'000)	Salary & Other Emoluments (RM'000)	Total (RM'000)
Managing Director			
Datuk Yeo Wang Seng	-	-	-
Executive Director			
Dato' Liew Kok Leong	-	432	432
Yeo Gee Kuan	-	134	134
Lim Yun Nyen	20	47	67
Au Yee Boon (Resigned 26/06/2019)	-	209	209
Independent/Non-Executive Director			
Datuk Baharon Bin Talib	12	-	12
Khor Chin Meng (Appointed 31/01/2019)	11	-	11
Tan Eik Huang (Appointed 24/05/2019)	7	-	7
Ho Pui Hold (Resigned 31/01/2019)	2	-	2
Ng Kok Wah (Resigned 03/06/2019)	10	-	10
Total	62	822	884

- b) The remuneration of Key Management Personnel for the financial year ended 31 December 2019 are set out below: -

	Number	Fees (RM'000)	Salary & Other Emoluments (RM'000)	Total (RM'000)
Below RM100,000	1	20	47	67
RM100,001 - RM200,000	2	-	298	298
RM200,001 - RM300,000	1	-	209	209
RM300,001 - RM400,000	-	-	-	-
RM400,001 - RM500,000	1	-	432	432

The Company has four (4) Executive Directors and one (1) Key Management Personnel.

*One (1) Executive Director resigned on 26 June 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

In line with the best practices of MCCG, the Board has set up the Audit Committee which comprising exclusively of Independent Non-Executive Directors.

The present members of the Audit Committee are as follows: -

Chairman

Khor Chin Meng – Independent Non-Executive Director (Appointed on 03/06/2019)
Ng Kok Wah - Independent Non-Executive Director (Resigned on 03/06/2019)

Members

Datuk Baharon Bin Talib - Independent Non-Executive Chairman
Tan Eik Huang – Independent Non-Executive Director (Appointed on 03/06/2019)
Ho Pui Hold - Independent Non-Executive Director (Resigned on 31/01/2019)

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.arbberhad.com.

Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Audit Committee members acknowledge the need for continuous education trainings, however, for the year under review, some members of the Audit Committee attended training on the developments in accounting and auditing standards, practices and rules. All Audit Committee members will attend at least one training in financial year 2019 which is relevant to accounting and auditing standards, practices and rules in enhancing their professional development.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Attendance of Meetings

During the financial year ended 31 December 2019, the number of meetings attended by each member is as follows: -

Name of Directors	Attendance	Percentage of Attendance
Khor Chin Meng (Chairman)	5/5	100%
Datuk Baharon Bin Talib	5/5	100%
Tan Eik Huang (appointed on 03/06/2019)	2/2	100%
Ng Kok Wah (resigned on 03/06/2019)	2/3	67%

The details are disclosed in Audit Committee Report.

Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provision of Companies Act, 2016 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to Listing Requirements is set out in this Annual Report.

In addition to the above, the Company also undertook an independent assessment of the internal control system and the Audit Committee has been assured that no material issue and major deficiency had been detected which posed a high risk to the overall internal control under review.

The Board will obtain assurance from the Audit Committee to ensure that the preparation and fair presentation and disclosure in the financial statements are in accordance with applicable Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Assessment of Suitability and Independence of External Auditors (Cont'd)

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following: -

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditor is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The external auditors are invited to attend the Annual General Meeting of the Company to clarify Shareholders' enquiries on the conduct of the statutory audit and the fair view on the audited financial statements.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2019.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming Annual General Meeting on the re-appointment of Messrs RSM Malaysia as the External Auditors of the Company for the financial year ending 31 December 2020.

Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to the risks of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control Framework (Cont'd)

As an effort to enhance the system of internal control, the Board together with the assistance of external Professional Internal Auditors adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated, consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

The Board of Directors acknowledges its responsibilities for the Company to maintain a sound system of internal controls covering financials, operations and compliance controls and to safeguard shareholders' investments as well as the Group's assets. While every effort is made to manage the significant risk, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee and Internal Auditors to safeguard the Group's assets.

The Statement on Risk Management and Internal Control is set out in later part of this Annual Report.

Internal Audit Function

The Board and Audit Committee have appointed GovernanceAdvisory.Com Sdn Bhd ("GASB"), an established external professional Internal Audit firm, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

GASB is led by Mr. Jason Tee, the Executive Director of GASB. He holds a Bachelor of Commerce (Hons) in Accounting and also Associate Member of Institute of Internal Auditors Malaysia ("IIAM"). The Internal Audit firm appointed by the Company is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Internal Audit Function (Cont'd)

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework in an efficient and effective risk management framework to provide assurance to the Audit Committee. The Audit Committee approves the internal audit plan during the first Audit Committee meeting of each financial year. Any subsequent changes to the internal audit plan are approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the Internal Audit function during the financial year is approximately RM10,000.

During the financial year, the Internal Auditors had carried out on operational areas of payroll function review on ARB Development Sdn Bhd, a wholly owned subsidiary of the Company.

The Audit Committee and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the Listing Requirements.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Leverage on Information Technology for Effective Dissemination of Information

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities.

The Company's website which provides all relevant information on the Company including all announcements made by the Company is accessible by the public. The announcement of the quarterly financial results is also made via Bursa Link immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public. Shareholders and investors may also forward their queries to the Company via email to ir@arbberhad.com.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Managing Director of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price sensitive information.

Encourage Shareholder Participation at General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. The notice of AGM will be dispatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have sufficient time to go through the Annual Report and make the necessary informed decision in the AGM. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make necessary arrangement to attend the planned AGM.

At the Twenty-First (21st) AGM of the Company held on 15 April 2019, seven (7) Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company.

Poll Voting

In line with Paragraph 8.29A of the Listing Requirements, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCGG with regards to strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders: -

- i) interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- ii) annual audited financial statements and Annual Report to provide an overview of the Group's state of governance financial performance and cash flows for the relevant financial year;
- iii) corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements;
- iv) Annual General Meetings; and
- v) the Company embrace on the technology advancement by issuing electronic Annual Report. Detailed of the Annual Reports, Board Charter and others can be downloaded from the website.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests.

The Company also maintains a website at www.arbberhad.com from which shareholders and stakeholders can access for information.

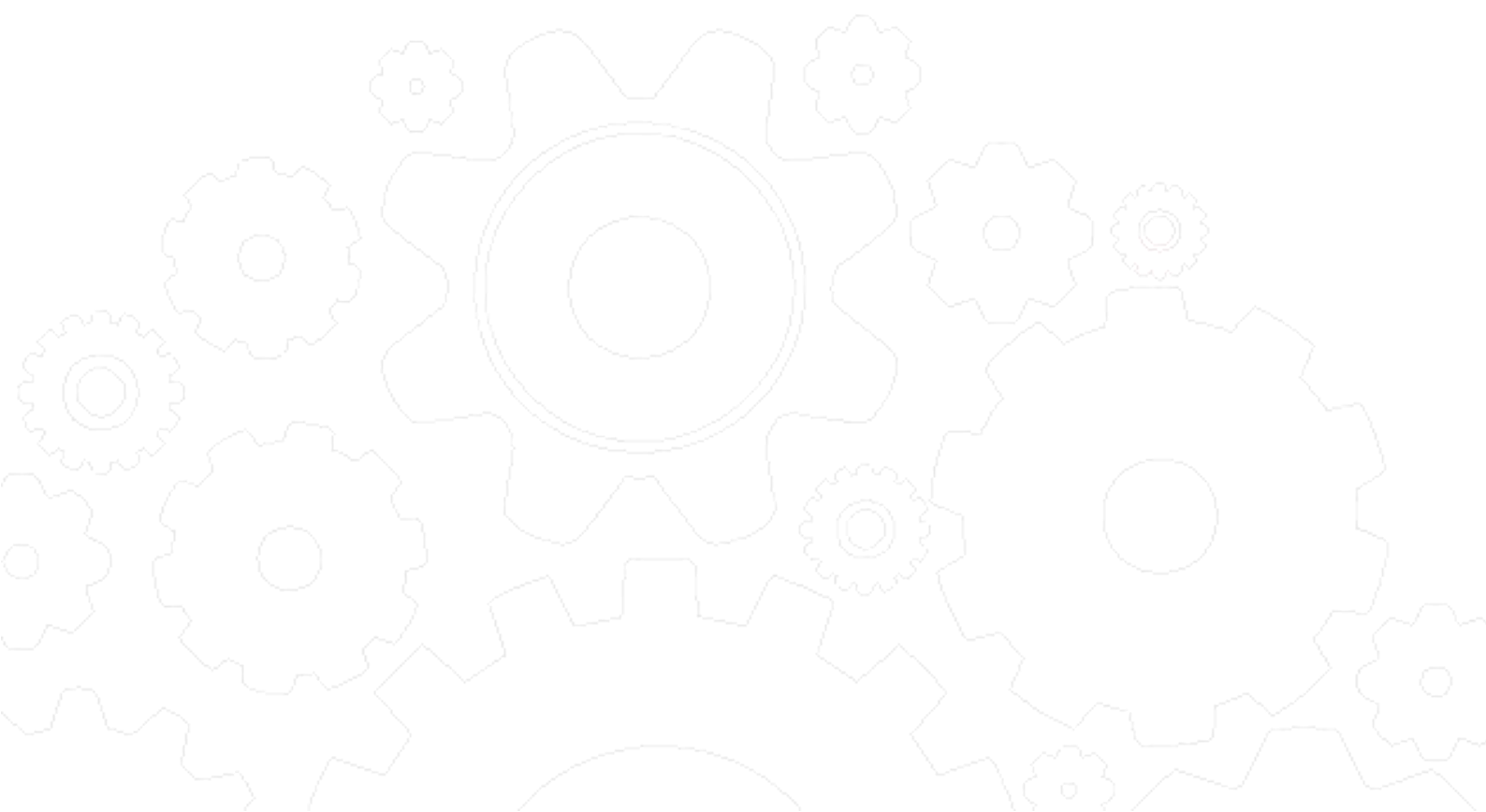
CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

*PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND
MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)*

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standard through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.



STATEMENT OF DIRECTORS RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

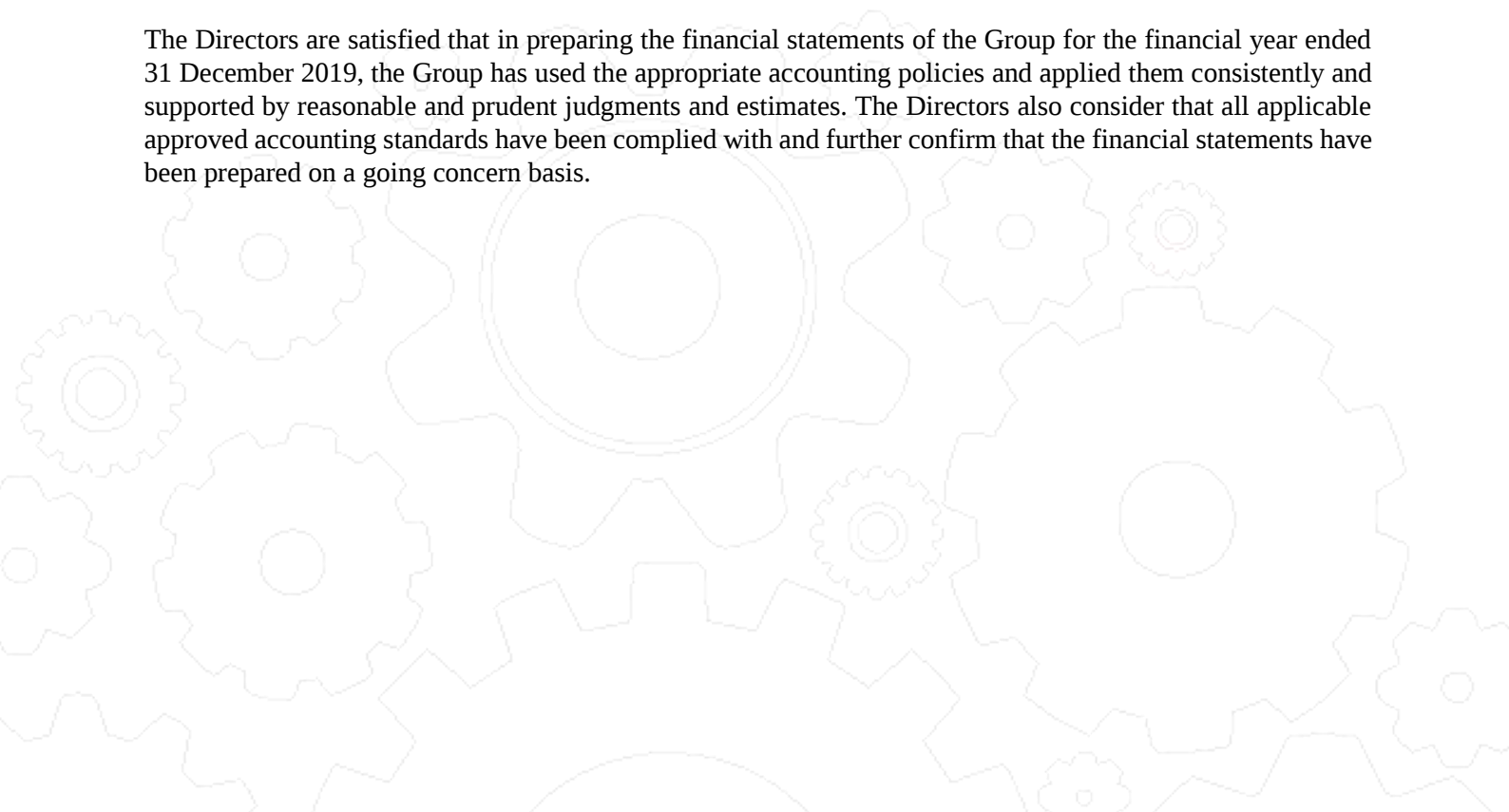
The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and accurate view of the state of the Group and the Company of the results and cash flows of the Group and the Company for the financial year ended.

In ensuring the preparation of these financial statements, the Directors have observed the following criteria: -

- i) overseeing the overall conduct of the Company's business and that of the Group;
- ii) identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;
- iii) reviewing the adequacy and integrity of Internal Controls System and Management Information System in the Company and within the Group;
- iv) adopting suitable accounting policies and apply them consistently;
- v) making judgments and estimates that are reasonable and prudent; and
- vi) ensuring compliance with applicable Approved Accounting Standards in Malaysia.

The Directors are responsible for ensuring that proper accounting and other records which are closed with reasonable accuracy at any time the financial position of the Group and ensuring that the financial statements comply with the Listing Requirements, the provisions of the Companies Act, 2016 and applicable approved accounting standards in Malaysia. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2019, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.



ADDITIONAL DISCLOSURES

1) UTILISATION OF PROCEED

Detail as follows: -

Renounceable of Irredeemable Convertible Preference Shares (“ICPS”)

A renounceable right issue of 1,008,150,000 ICPS on the basis of fifteen (15) ICPS for every one (1) existing ARB Share held by our entitled shareholders on the entitlement date at an issue of RM0.01 per ICPS was successful listed in Bursa Malaysia on 18 January 2019.

The gross proceed raised from ICPS was RM10.1 million and the current utilisation status is set out as follows: -

Purpose	Intended Timeframe for Utilisation from Completion Date	Proposed Utilisation RM'000	Actual Utilisation as at 31/8/2019 RM'000	Balance Utilisation RM'000
Development costs of software solutions	within 24 months	7,700	7,700	-
Working capital	within 24 months	1,700	1,700	-
Estimated expenses	within 1 month	700	700	-
Total		10,100	10,100	-

2) AUDIT AND NON-AUDITS FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group respectively for the financial year ended 31 December 2019 were as follows: -

Professional Services	Company (RM'000)	Group (RM'000)
Audit Service Rendered	30	67.5
Non-audit Services Rendered	30	30
Review of Statement on Risk Management and Internal Control	6	6

3) MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

4) CONTRACT RELATING TO LOANS

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

5) RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

There was no material Recurrent Related Party Transactions of revenue or trading nature during the financial year.

6) PURCHASE OF SHARE

The Company did not purchase any of its own shares during the Financial Year End (“FYE”) 31 December 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

The Board of Directors (“The Board”) of ARB Berhad is pleased to make the following statement on risk management and internal control which outlines the nature and scope of the risk management and internal control within the Group during the financial year 2019. The Statement on Risk Management and Internal Control is made in compliance with paragraph 15.26(b) of the Main Market: Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad and as guided by the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” issued by Bursa Securities.

B. BOARD RESPONSIBILITY

The Board is committed to its responsibilities to maintain a sound system of risk management and internal control to safeguard the shareholders’ investments and the Group’s assets and for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of risk management and internal control, the Group’s risk management and internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and it can only provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

The Board was assisted by the Audit Committee to fulfill its responsibilities in internal audit function.

C. RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group’s business operations and that the identification and management of risk will affect the achievement of the Group’s business objectives. The Management is responsible and accountable to the Board for risk management processes being carried out to achieve the Group’s business objectives within the risk appetite parameters. In discharging its responsibilities, the Board has taken into account the guidance of the Malaysian Code on Corporate Governance.

Risk management and internal controls are treated as an integral part of overall management process. The Management oversees the Risk Management framework and the scope of work includes evaluating the existing controls for effectiveness and efficiency and providing recommendations for improvement.

D. KEY ELEMENTS OF INTERNAL CONTROL

The Board is committed to maintain a sound internal control structure to govern the manner in which the Group and its employees conduct themselves. The key features of controls are: -

- (i) the responsibilities of the Board and Management are clearly defined in the organisation structure to ensure both parties’ roles and responsibilities in overseeing the conduct of the group’s business effectively;
- (ii) Senior Management regularly performs review on finance units; and
- (iii) quarterly and comprehensive information provided to the Management, covering financial performance and key business indicators.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Governance Advisory.com Sdn Bhd (“GASB”). GASB is an independent professional firm supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group’s systems of internal control.

During the financial year under review, internal audit review was carried out on operational areas of payroll function review for Human Resource (“HR”) unit. GASB assessed the adequacy and effectiveness of the Group’s HR areas in terms of governance, potential risk and system of internal control. Internal Audit Review Report carried out for current financial year was tabled and presented to the Audit Committee that the internal controls tested have been applied consistently and effectively, any weakness in the application of internal controls was of a minor nature. No action is required by the Management.

F. ASSURANCE FROM MANAGEMENT

According to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has received assurance from the Managing Director and the Executive Directors regarding the adequacy and effectiveness of the Group’s risk management and internal control operation in all material aspect. It is therefore of the view that risk management and internal control system is satisfactory and no material internal control failures was noted.

G. REVIEW OF THE STATEMENTS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

H. CONCLUSION

The Board is satisfied that the present Risk Management and Internal Control available is satisfactory, adequate and effective for the Group’s business. The Board however recognises the ever changing dynamic business environment, and hence will endeavour to continue improving, and enhancing the existing system of risk management and internal control to ensure their continued relevance.

This statement was approved by the Board on 3 March 2020.

AUDIT COMMITTEE REPORT

Composition

The Audit Committee of ARB Berhad (Formerly known as Aturmaju Resources Berhad) ("ARB" or "the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2019. The Audit Committee ("AC") is established by the Board of Directors ("Board") and comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is appointed by the Board and is an Independent Non-Executive Director. This meets the requirements of Paragraph 15.09 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR").

Chairman

Khor Chin Meng – Independent Non-Executive Director (Appointed on 03/06/2019)
Ng Kok Wah - Independent Non-Executive Director (resigned on 03/06/2019)

Members

Datuk Baharon Bin Talib - Independent Non-Executive Chairman
Tan Eik Huang – Independent Non-Executive Director (Appointed on 03/06/2019)
Ho Pui Hold - Independent Non-Executive Director (Resigned on 31/01/2019)

Details of Attendance

Name of Directors	Attendance	Percentage of Attendance
Khor Chin Meng (Chairman)	5/5	100%
Datuk Baharon Bin Talib	5/5	100%
Tan Eik Huang (appointed on 03/06/2019)	2/2	100%
Ng Kok Wah (resigned on 03/06/2019)	2/3	67%

Summary of Activities

During the financial year under review, the AC had held five (5) meetings and the following activities were undertaken: -

- reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- reviewed with External Auditors on their Audit Planning Memorandum on the statutory audit of the Group for the financial year ended 31 December 2019;
- reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- reviewed and discussed with the External Auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
- evaluated the performance of the External Auditors for the financial year ended 31 December 2019 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors;

AUDIT COMMITTEE REPORT (CONT'D)

Summary of Activities (Cont'd)

- f) reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- g) reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- h) reviewed the effectiveness of the Group's system of internal control;
- i) reviewed the proposed fees for the External Auditors and Internal Auditors in respect of their audit of the Company and the Group;
- j) reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- k) reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) reviewed the Statement on Corporate Governance and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;
- m) report to the Board on its activities and significant findings and results; and
- n) monitored the implementation of mitigation actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.arbberhad.com.

Internal Audit Function and Its Activities

The Group outsourced its internal audit function to an independent professional firm, which assists the AC in discharging its duties and responsibilities. The Internal Auditors' role is to report to the AC on the area of weakness and action plan for improvement on internal controls, records, review, accounting policies, as well as on the identification and management of significant risk.

The internal audit fee in respect of the financial year is RM10,000.00.

The Internal Auditors prepare and table the Internal Audit Review for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operations based on the audit plan approved by the AC. The Internal Auditors report to the AC once a year and provide the AC with independent views on the adequacy, integrity and effectiveness of the systems of internal control.

During the financial year under review, the Internal Auditors has conducted an internal audit review on payroll function on ARB Development Sdn Bhd ("ADSB"), a wholly-owned subsidiary of ARB.

The objectives for the internal audit carried out in financial year 2019 to be stated as follow: -

- to ensure established policies and procedures are approved; conveyed and adhered by Companywide;
- to ensure salary and benefits incurred are supported; and paid to valid employees;
- to ensure monthly payroll report is supported, checked and approved by authorized personnel prior to payroll processing;
- to ensure statutory contributions (i.e. monthly income tax; employees provident fund; social security organisation; and employment insurance scheme) are timely remitted to the authority; and
- to ensure adequate measures are in place to safeguard employee's confidential information (i.e. salary).

FINANCIAL STATEMENT

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

CHANGE OF NAME

The Company changed its name from Aturmaju Resources Berhad to ARB Berhad, effective on 22 April 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and investment holding.

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	33,205	(309)
Non-controlling interests	(382)	-
	<u>32,823</u>	<u>(309)</u>

In the opinion of the Directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend for the current financial year.

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' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year except for issuance of 222,602,700 new ordinary shares pursuant to the conversion of 222,612,200 Irredeemable Convertible Preference Shares ("ICPS") at a conversion price of RM0.20 each.

The new ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any new debentures during the financial year.

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

During the financial year, the renounceable rights issue of 1,008,150,000 new irredeemable convertible preference shares ("ICPS") at an issue price of RM0.01 per ICPS on the basis of fifteen ICPS for every one existing ordinary share held in the Company were issued.

The salient features of the ICPS are disclosed in Note 17 to the financial statements.

Details of ICPS issued to directors are disclosed in the section on directors' interests in this report.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who held office during the financial year until the date of this report are: -

THE COMPANY

Datuk Yeo Wang Seng
Datuk Baharon Bin Talib
Yeo Gee Kuan
Lim Yun Nyen
Dato' Liew Kok Leong
Khor Chin Meng
Tan Eik Huang
Au Yee Boon
Ng Kok Wah
Ho Pui Hold

(Appointed on 31/01/2019)
(Appointed on 24/05/2019)
(Resigned on 26/06/2019)
(Resigned on 03/06/2019)
(Resigned on 31/01/2019)

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

SUBSIDIARY COMPANIES

Datuk Yeo Wang Seng	
Yeo Gee Kuan	
Lim Yun Nyen	
Dato' Liew Kok Leong	
Lee Ping Wei	(Appointed on 20/06/2019)
Chong Hwa Siong	(Appointed on 27/11/2019)
Chua Kian Leong	(Appointed on 27/11/2019)
Au Yee Boon	(Resigned on 26/06/2019)

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Directors holding office at the end of the financial year and their beneficial interests in the shares of the Company and of its related corporations during the financial year ended 31 December 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows: -

	Number of ordinary shares		
	At 1.1.2019	Acquired (Disposed)	At 31.12.2019
THE COMPANY			
Direct interest			
Lim Yun Nyen	6,612	-	6,612
Dato' Liew Kok Leong	2,950,865	18,401,300 (3,800,000)	17,552,165
Indirect interest			
Datuk Yeo Wang Seng 1	23,470,561	-	13,467,961
Dato' Liew Kok Leong 2	1,569,700	4,000,000	5,569,700

	Number of ICPS		
	At 1.1.2019	Acquired (Disposed)	At 31.12.2019
THE COMPANY			
Direct interest			
Datuk Yeo Wang Seng	-	254,205,886 (254,205,886)	-
Lim Yun Nyen	-	99,000	99,000
Dato' Liew Kok Leong	-	194,664,457 (13,400,000)	181,264,457
Indirect interest			
Dato' Liew Kok Leong 2	-	169,660,915	169,660,915

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

¹ Indirect interest through his family members and his substantial shareholdings in Aspirasi Puspita Sdn Bhd.

² Indirect interest through shares held by Ukay One Sdn Bhd.

By virtue of their interests in the shares of the Company, the Directors are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the shares of the Company and of its related corporations.

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

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in the Note 32 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in the Note 10 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in the Note 28 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps: -
- (i) 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 had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the Directors are not aware of any circumstances: -
- (i) which would require the write off of bad debts or render the amount of the provision of doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist: -
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors: -
- (i) 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 will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

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

DATUK YEO WANG SENG

YEO GEE KUAN

Tawau

3 March 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	18,435	11,725	-	-
Right-of-use assets	7	8,071	-	-	-
Intangible asset	8	24,752	-	-	-
Goodwill on consolidation	9	45	45	-	-
Investments in subsidiaries	10	-	-	59,133	10,831
		51,303	11,770	59,133	10,831
CURRENT ASSETS					
Inventories	11	-	10	-	-
Trade receivables	12	29,736	6,719	-	-
Other receivables, deposits and prepayments	13	15,338	3,364	-	-
Amount due from subsidiaries	14	-	-	4,103	1,269
Amount due from a related company		3,015	-	-	-
Current tax asset		-	375	-	-
Cash and cash equivalents	15	27,642	2,551	437	4
		75,731	13,019	4,540	1,273
TOTAL ASSETS		127,034	24,789	63,673	12,104
EQUITY					
Share capital	16	60,268	15,748	60,268	15,748
Irredeemable convertible preference shares	17	7,855	-	7,855	-
Other reserves	18	887	-	-	-
Retained earnings/(Accumulated losses)		40,806	7,680	(4,705)	(4,396)
Equity attributable to owners of the Company		109,816	23,428	63,418	11,352
Non-controlling interests		9,615	-	-	-
TOTAL EQUITY		119,431	23,428	63,418	11,352

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (CONT'D)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
NON-CURRENT LIABILITIES					
Lease liabilities	19	407	-	-	-
Deferred tax liabilities	21	6,087	4	-	-
		6,494	4	-	-
CURRENT LIABILITIES					
Trade payables	22	193	546	-	-
Other payables and accruals	23	573	626	252	348
Amount due to a subsidiary	24	-	-	3	362
Amount due to directors	25	125	67	-	-
Lease liabilities	19	199	-	-	-
Finance lease liability	20	-	59	-	-
Current tax liability		19	59	-	42
		1,109	1,357	255	752
TOTAL LIABILITIES		7,603	1,361	255	752
TOTAL EQUITY AND LIABILITIES					
		127,034	24,789	63,673	12,104

The annexed notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	26	102,644	15,257	-	84
Cost of sales		(68,718)	(7,963)	-	-
Gross profit		33,926	7,294	-	84
Other income		8,470	174	376	462
Administrative expenses		(5,209)	(2,728)	(685)	(838)
Distribution expenses		-	(445)	-	-
Other operating expenses		(4,081)	-	-	(1,800)
Results from operating activities		33,106	4,295	(309)	(2,092)
Finance costs	27	(65)	(42)	-	-
Profit/(Loss) before taxation	28	33,041	4,253	(309)	(2,092)
Tax expense	29	(218)	(21)	-	-
Profit/(Loss) for the financial year		32,823	4,232	(309)	(2,092)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(expense) for the financial year		32,823	4,232	(309)	(2,092)
Profit attributable to:					
Owners of the Company		33,205	4,232		
Non-controlling interests		(382)	-		
Profit for the financial year		32,823	4,232		
Earnings per share (sen)					
Basic	30	11.46	6.30		
Diluted	30	10.09	6.30		

The annexed notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Attributable to owners of the Group				Total	Non-controlling interests	Total equity
	Share capital	Non-distributable ICPS	Capital reserve	Distributable Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.2018	68,861	-	-	(50,931)	17,930	-	17,930
Total comprehensive income for the financial year	-	-	-	4,232	4,232	-	4,232
Transaction with owners of the Company							
Capital reduction	(54,379)	-	-	54,379	-	-	-
Issuance of shares via private placement	1,266	-	-	-	1,266	-	1,266
Total transactions with owners of the Company	(53,113)	-	-	54,379	1,266	-	1,266
Balance as at 31.12.2018/1.1.2019, as previously reported	15,748	-	-	7,680	23,428	-	23,428
Effect of adoption of MFRS 16	-	-	-	(79)	(79)	-	(79)
At 1.1.2019, as restated	15,748	-	-	7,601	23,349	-	23,349
Total comprehensive income for the financial year	-	-	-	33,205	33,205	(382)	32,823
Transaction with owners of the Company							
Issuance of ICPS pursuant to rights issue	-	10,081	-	-	10,081	-	10,081
Issuance of shares pursuant to conversion of ICPS	44,520	(2,226)	-	-	42,294	-	42,294
Change in stake in a subsidiary	-	-	887	-	887	4,713	5,600
Acquisition of a subsidiary	-	-	-	-	-	5,284	5,284
Total transactions with owners of the Company	44,520	7,855	887	-	53,262	9,997	63,259
Balance as at 31.12.2019	60,268	7,855	887	40,806	109,816	9,615	119,431

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Company	Attributable to owners of the Company			
	Non-distributable Share capital RM'000	ICPS RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
Balance as at 1.1.2018	68,861	-	(56,683)	12,178
Total comprehensive expense for the financial year	-	-	(2,092)	(2,092)
Transaction with owners of the Company				
Capital reduction	(54,379)	-	54,379	-
Issuance of shares via private placement	1,266	-	-	1,266
Total transactions with owners of the Company	(53,113)	-	54,379	1,266
Balance as at 31.12.2018/1.1.2019	15,748	-	(4,396)	11,352
Total comprehensive expense for the financial year	-	-	(309)	(309)
Transaction with owners of the Company				
Issuance of ICPS pursuant to rights issue	-	10,081	-	10,081
Issuance of shares pursuant to conversion of ICPS	44,520	(2,226)	-	42,294
Total transactions with owners of the Company	44,520	7,855	-	52,375
Balance as at 31.12.2019	60,268	7,855	(4,705)	63,418

The annexed notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	33,041	4,253	(309)	(2,092)
Adjustments for:				
Amortisation of leasehold land	-	36	-	-
Depreciation of property, plant and equipment	802	478	-	-
Depreciation of right-of-use assets	384	-	-	-
Finance costs	65	42	-	-
Gain on disposal of property, plant and equipment	(82)	(125)	-	-
Gain on disposal of subsidiary	-	-	(294)	-
Impairment loss on investment in subsidiaries	-	-	-	1,800
Interest income	(298)	(1)	(82)	-
Negative goodwill	(8,024)	-	-	-
Reversal of impairment loss on amount due from subsidiaries	-	-	-	(462)
Waiver of liabilities	-	(45)	-	-
Operating profit/(loss) before working capital changes	25,888	4,638	(685)	(754)
Decrease/(Increase) in inventories	10	(10)	-	-
Increase in trade receivables	(23,017)	(5,276)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	(14,989)	1,609	-	-
Decrease in trade payables	(353)	(10)	-	-
Decrease in other payables and accruals	(57)	(150)	(96)	(41)
Cash (used in)/generated from operations	(12,518)	801	(781)	(795)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash (used in)/generated from operations	(12,518)	801	(781)	(795)
Interest paid	(65)	(42)	-	-
Interest received	298	1	82	-
Income tax paid	(128)	(134)	(42)	(21)
Income tax refund	388	10	-	-
Net cash (used in)/generated from operating activities	(12,025)	636	(741)	(816)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a subsidiary, net of cash acquired (Note 38)	(5,500)	2	-	-
Subscription of additional shares in a subsidiary	-	-	(998)	-
Purchase of property, plant and equipment	(15,432)	(45)	-	-
Proceeds from disposal of property, plant and equipment	207	125	-	-
Proceeds from disposal of equity interest in a subsidiary	5,600	-	5,600	-
Advances to subsidiaries	-	-	(2,834)	(806)
Net cash (used in)/ generated from investing activities	(15,125)	82	1,768	(806)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placement	-	1,266	-	1,266
Proceeds from capital contribution	-	-	(52,610)	-
Proceeds from issuance of ICPS pursuant to rights issue	10,081	-	10,081	-
Proceeds from issuance of shares pursuant to conversion of ICPS	42,294	-	42,294	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES (CONT'D)				
Payment of lease liabilities	(133)	-	-	-
(Repayment to)/ Advances from a subsidiary	-	-	(359)	362
Advances from/ (Repayment to) directors	58	(430)	-	(3)
Repayment of finance lease liability	(59)	(85)	-	-
Net cash generated from/ (used in) financing activities	52,241	751	(594)	1,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,091	1,469	433	3
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,531	1,062	4	1
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 15)	27,622	2,531	437	4

The annexed notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services and investment holding.

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards (“MFRSs”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the Directors’ best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity’s relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

The Group's financial statements incorporate the results, cash flows, assets and liabilities of ARB Berhad (Formerly known as Aturmaju Resources Berhad) and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(b) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(b) Business combinations (Cont'd)

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

(c) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into RM using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss. The cumulative amount of the exchange differences relating to that foreign operation that had been attributed to the non-controlling interests are derecognised, but without reclassification to profit or loss. The same applies in case of loss of control, joint control or significant influence.

On the partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of exchange differences accumulated in the separate component of equity are re-attributed to non-controlling interests (they are not recognised in profit or loss). For any other partial disposal of foreign entity (i.e. associates or jointly controlled entities without loss of significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(d) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

3.3 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (Cont'd)

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value. The principal annual rates are as follows: -

Leasehold land	Over the lease period of 51 and 915 years
Building	2%
Plant and machinery	14%
Renovation	10%
Software	10% - 20%
Tractors, motor vehicles and tug boats	10% - 20%
Furniture, fittings and office equipment	10%

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 Leases

The Group has applied MFRS 16 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117 *Leases* and related interpretations.

Current financial year

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

(a) Definition of a lease (Cont'd)

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition and initial measurement

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: -

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

(b) Recognition and initial measurement (Cont'd)

(i) As a lessee (Cont'd)

- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

(c) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "revenue".

Previous financial year

(d) Recognition and initial measurement

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Assets and liabilities arising from finance lease contracts are initially recognised in the statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease rentals.

After initial recognition, the depreciation policy applied is consistent with that for depreciable assets that are owned. As a result, the depreciation recognised is calculated in accordance with the useful life stated for property, plant and equipment (the Group and the Company does not hold leased intangible assets). In cases where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

(d) Recognition and initial measurement (Cont'd)

The interest element of rental obligations is charged to profit or loss over the period of the lease at a constant rate on the balance of finance lease obligations outstanding.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. Incentives to take out operating leases are credited to the profit or loss on a straight-line basis over the lease term.

Provision is made in the statement of financial position for the present value of the onerous element of operating leases. This typically arises when the Group and the Company ceases to use premises and they are left vacant to the end of the lease or are sublet at rentals, which fall short of the amount payable by the Group and the Company under the lease.

3.5 Intangible assets

(a) Goodwill

Goodwill arising in a business combination is initially measured at its cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

(b) Separately acquired intangible assets

On initial recognition, intangible assets acquired separately are measured at cost. The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. The estimated useful life and amortisation method are revised at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (Cont'd)

(b) Separately acquired intangible assets (Cont'd)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(c) Intangible assets acquired in a business combination

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, intangible assets acquired as part of a business combination follow the accounting policies of separately acquired intangible assets as stated above.

(d) Amortisation

For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over its useful economic life from the date they are available for use as follows: -

Green project contract 30 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of non-financial assets

(a) Impairment of property, plant and equipment and of intangible assets with finite useful lives

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(b) Impairment of goodwill

Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire were assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Goodwill impairment is not reversed in any circumstances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments

(a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(b) Derecognition of financial instruments (Cont'd)

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(c) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely: (i) financial asset at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVTPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows: -

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Groups' and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial asset at FVTPL

A financial asset is measured at FVTPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.7(f).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(d) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

- (i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.
- (iii) Financial guarantee contracts issued, and commitments to provide loans at a below-market interest rate given, by the Group and the Company are measured at the higher of:
(a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

(e) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.17.

(f) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(f) Impairment of financial assets (Cont'd)

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value with original maturities period of three months or less.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of pledged deposit.

3.9 Equity

Equity instruments are contracts that give a residual interest in the net assets of the Group and the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction.

3.10 Provisions

Where, at reporting date, the Group and the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

3.11 Employee benefits

(i) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition

(a) Revenue from contracts with customers

The Group's and the Company's revenue comprises hire of scows and tug boat, timber contractor, resell customised Enterprise Resource Planning ("ERP") software system and information technology outsourcing ("ITO") services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

For a service contract with a customer, when control of the promised service is transferred over time to the customer (and hence the performance obligation is satisfied over time), revenue is recognised in profit or loss over time or progressively by reference to the stage of completion in a performance obligation. For service contracts, the stage of completion is measured using the value of work performed to date as a percent of estimated total contract value basis (an output method).

When the outcome of service contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The Group and the Company measure revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivables, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer. If the transaction price includes variable considerations, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range of possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For a contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition (Cont'd)

(b) Management fee

Management fee is recognised on the accrual basis when services are rendered.

(c) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(d) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

3.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.14 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Income taxes (Cont'd)

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

3.15 Earnings per ordinary shares

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise irredeemable convertible preference shares.

3.16 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues 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, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.17 Fair value measurements

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. When measuring the fair value of an asset or a liability, the Group and the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

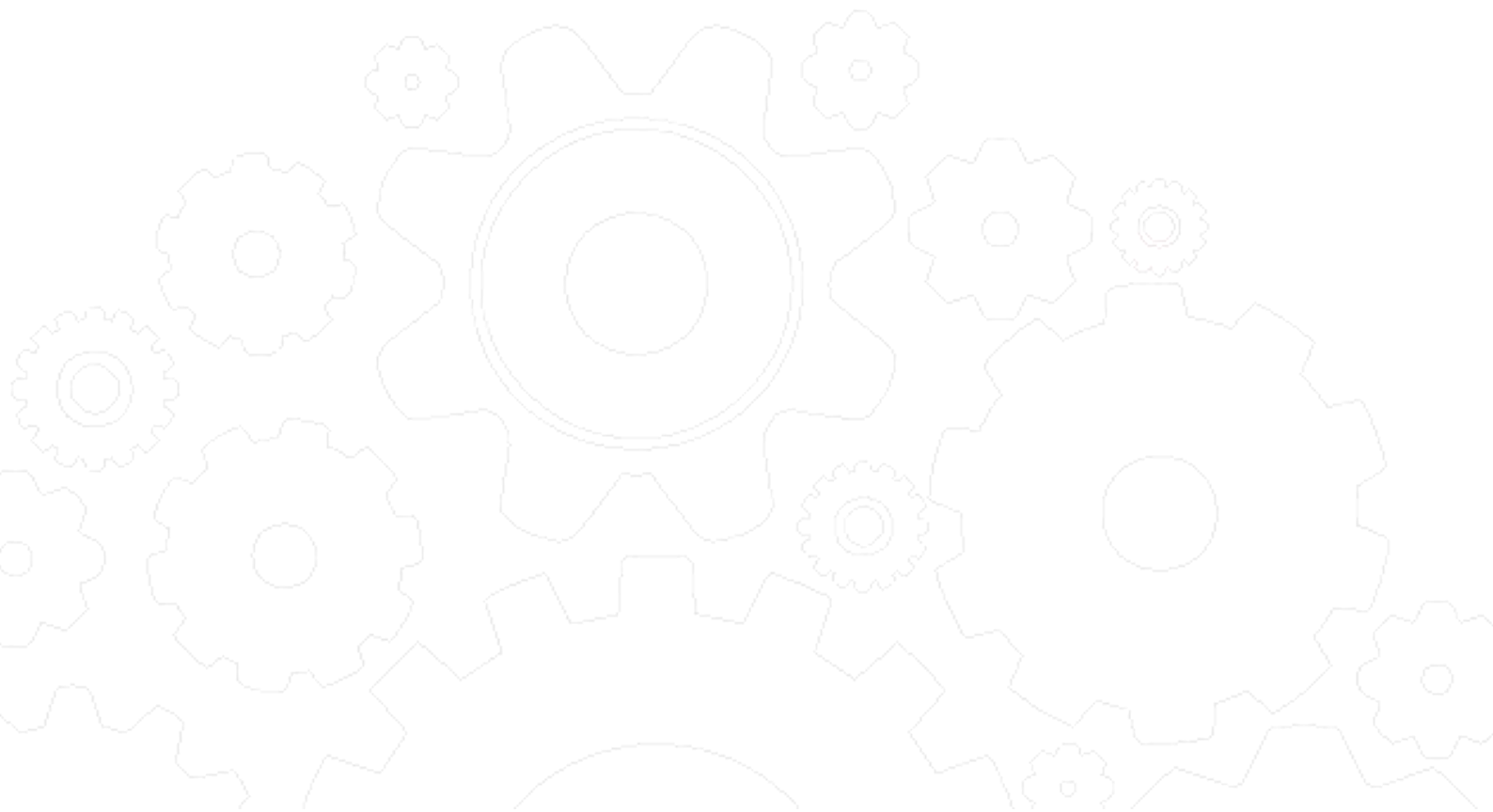
3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Fair value measurements (Cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2019: -

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 11 *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 123 *Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, Curtailment or Settlement*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and the Company other than as disclosed in notes to the financial statements.

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company: -

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONT'D)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (Cont'd)

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

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

The Directors anticipate that the above-mentioned accounting standards, amendments and interpretations will be adopted by the Group and the Company when they become effective.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts* and MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below: -

(a) Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Measurement of lease liabilities and right-of-use assets

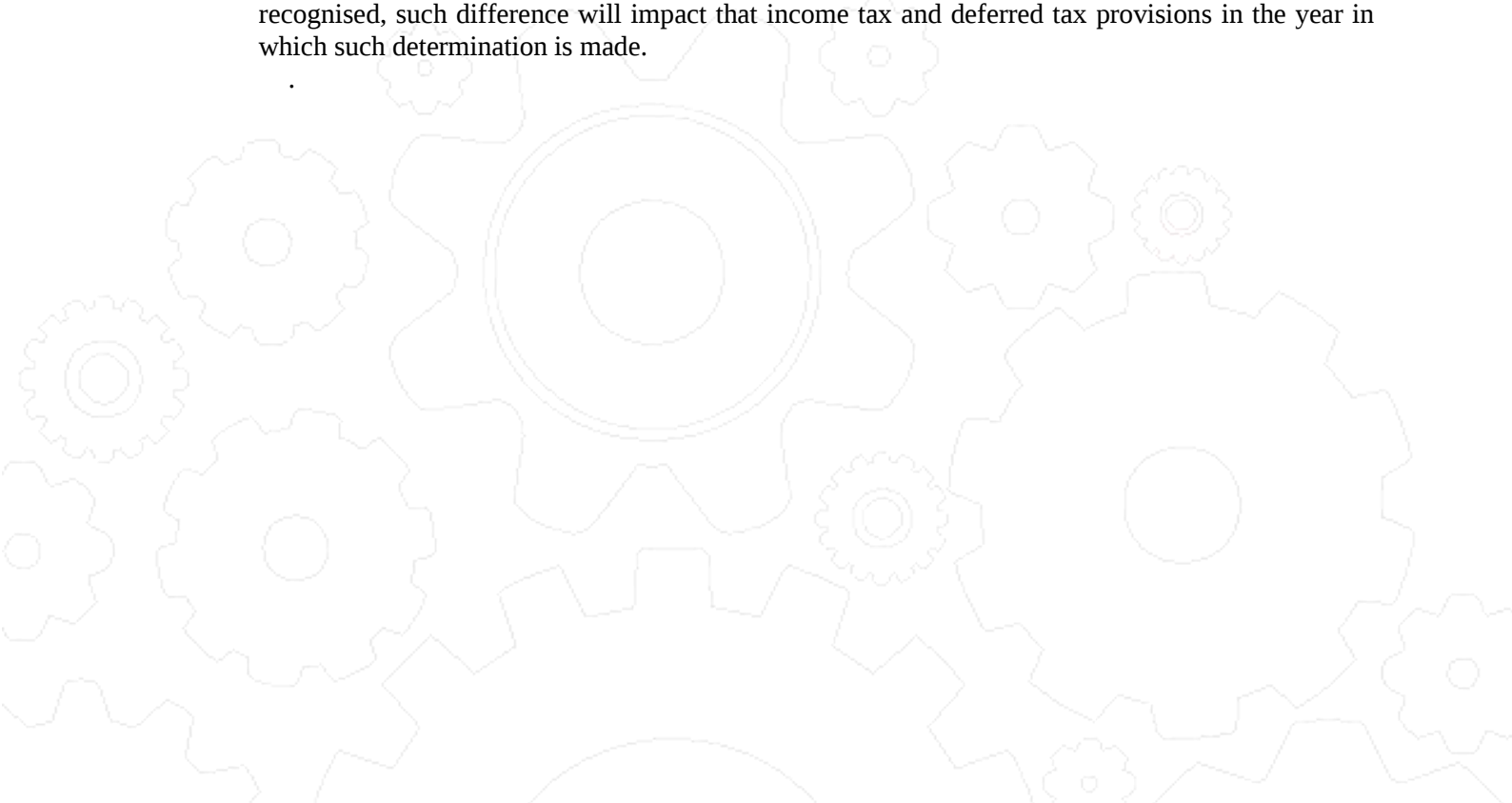
The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

(c) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

(d) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact that income tax and deferred tax provisions in the year in which such determination is made.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Buildings RM'000	Plant and machinery RM'000	Tractors, motor vehicles and tug boats RM'000	Furnitures, fittings and office equipment RM'000	Computer software RM'000	Renovation RM'000	Construction work-in- progress RM'000	Total RM'000
<u>Cost</u>								
At 31.12.2018/ 1.1.2019, as previously reported	16,749	72,060	6,407	445	-	-	1,654	97,315
Effect of adoption of MFRS 16	(15,236)	-	-	-	-	-	-	(15,236)
At 1.1.2019, as restated	1,513	72,060	6,407	445	-	-	1,654	82,079
Additions	-	-	-	84	15,283	65	-	15,432
Disposal	-	-	(974)	(2)	-	-	-	(976)
Disposal of a subsidiary	-	-	-	(2)	-	-	-	(2)
At 31.12.2019	1,513	72,060	5,433	525	15,283	65	1,654	96,533
<u>Accumulated depreciation</u>								
At 31.12.2018/ 1.1.2019, as previously reported	7,509	71,669	6,082	329	-	-	-	85,589
Effect of adoption of MFRS 16	(7,441)	-	-	-	-	-	-	(7,441)
At 1.1.2019, as restated	68	71,669	6,082	329	-	-	-	78,148
Charge for the financial year	30	77	91	22	580	2	-	802
Disposal	-	-	(851)	-	-	-	-	(851)
Disposal of a subsidiary	-	-	-	(2)	-	-	-	(2)
At 31.12.2019	98	71,746	5,322	349	580	2	-	78,097
<u>Accumulated impairment loss</u>								
At 1.1.2019/ 31.12.2019	-	-	-	1	-	-	-	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

Group 2018	Leasehold land and Buildings RM'000	Plant and machinery RM'000	Tractors, motor vehicles and tug boats RM'000	Furnitures, fittings and office equipment RM'000	Computer software RM'000	Renovation RM'000	Construction work-in- progress RM'000	Total RM'000
<u>Cost</u>								
At 1.1.2018	16,749	72,060	7,330	400	-	-	1,654	98,193
Additions	-	-	-	45	-	-	-	45
Disposal	-	-	(923)	-	-	-	-	(923)
At 31.12.2018	<u>16,749</u>	<u>72,060</u>	<u>6,407</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>1,654</u>	<u>97,315</u>
<u>Accumulated depreciation</u>								
At 1.1.2018	7,248	71,590	6,561	314	-	-	-	85,713
Charge for the financial year	261	79	159	15	-	-	-	514
Disposal	-	-	(638)	-	-	-	-	(638)
At 31.12.2018	<u>7,509</u>	<u>71,669</u>	<u>6,082</u>	<u>329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,589</u>
<u>Accumulated impairment loss</u>								
At 1.1.2018	-	-	285	1	-	-	-	286
Disposal	-	-	(285)	-	-	-	-	(285)
At 31.12.2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<u>Net carrying amount</u>								
At 31.12.2019	<u>1,415</u>	<u>314</u>	<u>111</u>	<u>175</u>	<u>14,703</u>	<u>63</u>	<u>1,654</u>	<u>18,435</u>
At 31.12.2018	<u>9,240</u>	<u>391</u>	<u>325</u>	<u>115</u>	<u>-</u>	<u>-</u>	<u>1,654</u>	<u>11,725</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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

- (a) In the previous financial year, included in the net carrying amount of leasehold lands of the Group amounted to RM57,000 was registered in the name of a third party.
- (b) Included in the net carrying amount of property, plant and equipment of the Group at the end of the reporting period which were acquired under finance lease arrangements are as follows: -

	Group	
	2019 RM'000	2018 RM'000
Tractors, motor vehicles and tug boats	-	181

7. RIGHT OF USE ASSETS

	Group			
	Office spaces RM'000	Leasehold lands RM'000	Leasehold lands (owned) RM'000	Total RM'000
At 1 January 2019	528	132	7,795	8,455
Depreciation	(137)	(16)	(231)	(384)
At 31 December 2019	391	116	7,564	8,071

The Group leases a number of leasehold lands, and rental of office spaces.

- (a) Short-term leases and low value assets

For short-term leases with lease term of 12 months or less and for leases of low-value assets, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred (Note 28).

- (b) Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. RIGHT OF USE ASSETS (CONT'D)

- (c) Included in the net carrying amount of leasehold lands (owned) of the Group amounted to RM57,000 are registered in the name of a third party.

8. INTANGIBLE ASSET

	Group	
	Green project contract RM'000	Total RM'000
At cost:		
At 1 January 2019	-	-
Acquisitions	24,752	24,752
At 31 December 2019	24,752	24,752
Net carrying amount		
At 1 January 2019	-	-
At 31 December 2019	24,752	24,752

There is no amortisation expense recognised during the financial year as the green project contract is expected to commence in financial year 2020.

9. GOODWILL ON CONSOLIDATION

	Group	
	2019 RM'000	2018 RM'000
At cost:		
At 1 January	45	-
Acquisition through business combinations	-	45
At 31 December	45	45
Accumulated impairment loss:		
At 1 January/31 December	-	-
Net carrying amount		
At 31 December	45	45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	32,065	60,915
Accumulated impairment losses	(25,542)	(50,084)
	6,523	10,831
Capital contribution	52,610	-
	59,133	10,831

The details of the subsidiaries are as follows: -

Name of Subsidiaries	Country of Incorporation	Effective Interest		Principal Activities
		2019 %	2018 %	
Aturmaju (Sabah) Holding Sdn Bhd ¹	Malaysia	51	100	Manufacturing of wood products
ARB Development Sdn Bhd	Malaysia	100	100	Reselling customised ERP software system and IT related Business
<u>Subsidiary of Aturmaju (Sabah) Holding Sdn Bhd</u>				
Kalabakan Tug Boat Sdn Bhd	Malaysia	100	100	Hire of scows and tug boat
Ampermai Sdn Bhd ²	Malaysia	-	100	Dormant
Alamjad Sdn Bhd ²	Malaysia	-	100	Dormant
<u>Subsidiary of ARB Development Sdn Bhd</u>				
Baritech Sdn Bhd	Malaysia	100	100	Consulting services for project management

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: -

Name of Subsidiaries	Country of Incorporation	Effective Interest		Principal Activities
		2019	2018	
		%	%	
<u>Subsidiary of ARB Development Sdn Bhd (Cont'd)</u>				
ARBIOT Sdn Bhd ³	Malaysia	100	-	Internet of things, internet and multimedia development and consultancy services, and project management.
C&M Renewable Energy Technology Sdn Bhd ⁴	Malaysia	51	-	Dormant.
ARB Investment (Cambodia) Co., Ltd ^{5(^)}	Cambodia	100	-	Dormant.
ARB System Sdn Bhd ^{6(^)}	Malaysia	51	-	Dormant.
ARB PAY Sdn Bhd ^{7(^)}	Malaysia	100	-	Reselling customised ERP software system and IT related business.

¹ On 20 August 2019, the Company had disposed 16,660,000 ordinary shares of Aturmaju (Sabah) Holding Sdn Bhd representing 49% equity interest, for a total consideration of RM5,600,000.

² On 3 June 2019, Aturmaju (Sabah) Holding Sdn Bhd had disposed its entire equity interest in Alamjad Sdn Bhd and Ampermai Sdn Bhd for a total consideration of RM2.

³ On 26 March 2019, ARB Development Sdn Bhd had incorporated ARBIOT Sdn Bhd.

⁴ On 20 June 2019, ARB Development Sdn Bhd had acquired 255,000 ordinary shares of C&M Renewable Energy Technology Sdn Bhd representing 51% equity interest, for a total consideration of RM5,500,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- ⁵ On 3 September 2019, ARB Development Sdn Bhd had incorporated ARB Investment (Cambodia) Co., Ltd.
- ⁶ On 27 November 2019, ARB Development Sdn Bhd had incorporated ARB System Sdn Bhd with 51% of the equity interest.
- ⁷ On 28 November 2019, ARB System Sdn Bhd had incorporated ARB PAY Sdn Bhd.
- ^(A) Consolidated based on management accounts as at 31 December 2019.

Non-controlling interests in subsidiaries

Summarised information of companies with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests of the other companies are not material to the Group.

2019

	Aturmaju (Sabah) Holding Sdn Bhd and its subsidiary RM'000	Others RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	4,395	5,220	9,615
Loss allocated to NCI	(317)	(65)	(382)
As at 31 December			
Non-current assets	11,234	92	11,326
Current assets	4,274	15	4,289
Non-current liabilities	(119)	-	(119)
Current liabilities	(7,625)	(241)	(7,866)
Net assets/ (liabilities)	7,764	(134)	7,630

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (Cont'd)

	2019		
	Aturmaju (Sabah) Holding Sdn Bhd and its subsidiary RM'000	Others RM'000	Total RM'000
Year ended 31 December			
Revenue	153	1,568	1,721
Loss for the year and total comprehensive expense	(1,482)	(625)	(2,107)
Cash flows from operating activities	2,054	(620)	1,434
Cash flows from investing activities	(2,544)	398	(2,146)
Cash flows from financing activities	(320)	232	(88)
Net (decrease)/ increase in cash and cash equivalent	(810)	10	(800)

11. INVENTORIES

	Company	
	2019 RM'000	2018 RM'000
At cost:		
Consumables materials	-	10
Recognised in profit or loss:		
Inventories recognised as cost of sales	601	6,921

12. TRADE RECEIVABLES

The Group's normal trade credit terms range from 180 to 210 (2018: 0 to 120) days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	2019 RM'000	2018 RM'000
Other receivables	176	3,220
Deposits	15,153	126
Prepayments	9	18
	<u>15,338</u>	<u>3,364</u>

	Company	
	2019 RM'000	2018 RM'000
Other receivables	658	-
Less: Impairment losses	(658)	-
	<u>-</u>	<u>-</u>

14. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Non-trade balances	5,554	3,378
Less: Impairment losses	(1,451)	(2,109)
	<u>4,103</u>	<u>1,269</u>
Impairment losses:		
At 1 January	2,109	2,571
Transfer to other receivables during the financial year	(658)	(462)
At 31 December	<u>1,451</u>	<u>2,109</u>

Amount due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable upon demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with licensed institution	26,143	20	-	-
Cash and bank balances	1,499	2,531	437	4
Balance as stated in the Statement of Financial Position at 31 December	27,642	2,551	437	4
Less: Fixed deposit pledged with licensed bank	(20)	(20)	-	-
Balance for Statement of Cash Flows purposes at 31 December	27,622	2,531	437	4

The Group's fixed deposit is pledged to a licensed bank for bank guarantee granted to a subsidiary.

The interest rate for deposits are ranging from 2.90% to 3.95% (2018: 3.00%) per annum.

16. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid				
Ordinary shares				
At 1 January	67,210	61,100	15,748	68,861
Capital reduction	-	-	-	(54,379)
Issuance of shares via private placement	-	6,110	-	1,266
Issuance of shares pursuant to conversion of ICPS	222,603	-	44,520	-
At 31 December	289,813	67,210	60,268	15,748

During the financial year, the Company issued 222,602,700 new ordinary shares pursuant to the conversion of 222,612,200 Irredeemable Convertible Preference Shares ("ICPS") at a conversion price of RM0.20 each.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

16. SHARE CAPITAL (CONT'D)

In the previous financial year, on 11 June 2018, the Company had undertaken a capital reduction by RM54,379,000 or RM0.89 per ordinary shares pursuant to Section 116 of the Companies Act 2016 by way of set off with accumulated losses of the Company.

On 24 September 2018, the Company has issued 6,110,000 new ordinary shares at RM0.22 per ordinary shares via a private placement to eligible investors for a total consideration of RM1,265,902.

17. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES

	Group and Company			
	Number of ICPS of RM0.01 each		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
At 1 January	-	-	-	-
Subscription of rights issue	1,008,150	-	10,081	-
Conversion to ordinary shares	(222,612)	-	(2,226)	-
At 31 December	785,538	-	7,855	-

The irredeemable convertible preference shares ("ICPS") issued at an issue price of RM0.01 each have been admitted to the Official List of Bursa Malaysia Securities Berhad and the listing of and the quotation for 1,008,150,000 ICPS was granted with effect from 18 January 2019.

The salient features of the ICPS are as follows: -

- Each registered holder of the ICPS shall have the right at any time during the conversion period of five years commencing from the issue date of the ICPS of 16 January 2019 up to the maturity date of 15 January 2024 which is the date immediately preceding the fifth anniversary of the issue date of the ICPS.
- Based on the conversion price of RM0.20, the ICPS can be converted by way of surrendering twenty ICPS of RM0.01 each for one new ordinary share or by a combination of such number of ICPS and cash with an aggregate value equal to the conversion price, subject to a minimum of one ICPS, and paying the difference between the aggregate value of the ICPS surrendered and the conversion price in cash for one new ordinary share.
- The ICPS have a tenure period of 5 years from the date of issue and will not be redeemable in cash. All outstanding ICPS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM0.20 each on the maturity date, with any fractional new ordinary shares arising from the mandatory conversion of the ICPS on the maturity date shall be disregarded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

17. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (CONT'D)

- (d) Upon conversion of the ICPS into new ordinary shares, such shares upon allotment and issuance, rank pari passu in all respects with the then existing ordinary shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such new ordinary shares.

18. OTHER RESERVES

Capital reserve

Capital reserve represents the Group's share of net assets before and after the change in its ownership interest in a subsidiary.

19. LEASE LIABILITIES

(a) Lease liabilities

Future lease payment payable:

- Not later than one year
- Later than one year and not later than five years
- More than five years

Less: Future interest charges

Present value of lease liabilities

Repayable as follows: -

Current

- Not later than one year

Non-current

- Later than one year and not later than five years
- More than five years

**Group
2019
RM'000**

240

452

15

707

(101)

606

199

393

14

606

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

19. LEASE LIABILITIES (CONT'D)

(b) Cash outflows for leases as a lessee

	Group 2019 RM'000
Included in net cash from operating activities:	
- Payment of short term leases	84
- Interest paid for lease liabilities	50
	134
Included in net cash from financing activities:	
- Payment of lease liabilities	133
Total cash outflows for leases	267

(c) Short-term leases and low-value assets

	Group 2019 RM'000
Future commitment for lease payment:	
- Not later than one year	63
- Later than one year and not later than five years	-
	63

The Group leases office space with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Reconciliation of liabilities arising from financing activities: -

	Group	
	2019 RM'000	2018 RM'000
At 1 January	59	144
Cash flows:		
Addition of lease liabilities	789	-
Repayment of finance lease liability	(59)	(85)
Payment of rental expense	(183)	-
At 31 December	606	59

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

20. FINANCE LEASE LIABILITY

	Group	
	2019 RM'000	2018 RM'000
Finance lease payment payable:		
- Not later than one year	-	60
Less: Future interest charges	-	(1)
Present value of lease liability	-	59
Repayable as follow: -		
Current		
- Not later than one year	-	59

In the previous financial year, the Group's finance lease liability bears interest rate of 2.72% per annum.

21. DEFERRED TAX LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
At 1 January	4	-
Acquisition of a subsidiary	5,940	-
Recognised in profit or loss (Note 29)	143	4
At 31 December	6,087	4

The components and movements of deferred tax liabilities during the financial year are as follows: -

	2019 RM'000	2018 RM'000
Excess of net carrying amount over tax written down value of property, plant and equipment	1,116	4
Intangible assets	5,940	-
Unabsorbed capital allowance	(969)	-
	6,087	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

22. TRADE PAYABLES

The Group's normal trade credit terms range from 0 to 120 (2018: 0 to 60) days.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables	371	366	179	275
Accruals	199	257	73	73
Deposit received	3	3	-	-
	<u>573</u>	<u>626</u>	<u>252</u>	<u>348</u>

24. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is non-trade in nature, unsecured, interest free, repayable upon demand and is to be settled in cash.

25. AMOUNT DUE TO DIRECTORS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-trade balances	<u>125</u>	<u>67</u>	<u>-</u>	<u>-</u>

The amount due to Directors is unsecured, interest free, repayable upon demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

26. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sales of goods	-	7,009	-	-
Rental income	153	255	-	-
Rendering of information technology services	102,491	7,993	-	-
Management fee	-	-	-	84
	<u>102,644</u>	<u>15,257</u>	<u>-</u>	<u>84</u>
Timing of revenue:				
At a point in time	102,491	7,009	-	-
Over time	153	8,248	-	84
	<u>102,644</u>	<u>15,257</u>	<u>-</u>	<u>84</u>

27. FINANCE COSTS

	Group	
	2019 RM'000	2018 RM'000
<i>Interest expense of financial liabilities measured at amortised cost:</i>		
- lease liability	50	-
- finance lease liability	1	5
- letter of credit	-	10
	<u>51</u>	<u>15</u>
- other	14	27
	<u>65</u>	<u>42</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

28. PROFIT/(LOSS) BEFORE TAXATION

(a) Profit/(Loss) before taxation is stated after charging/(crediting): -

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
- statutory audit	68	81	30	25
- other services	36	56	36	56
Amortisation of leasehold land	-	36	-	-
Depreciation on property, plant and equipment	802	478	-	-
Depreciation of right-of-use assets	384	-	-	-
Directors' fees	36	80	36	80
Directors' other emoluments	866	495	-	-
Impairment loss on investment in subsidiaries	-	-	-	1,800
Loss on disposal of property, plant and equipment	58	-	-	-
Reversal of impairment loss on amount due from subsidiaries	-	-	-	(462)
Rental of machinery and jetty	-	66	-	-
Rental of cylinder	5	-	-	-
Rental of premises	84	206	-	-
Staff cost:				
- salaries and other benefits (Note 31)	1,465	1,753	-	-
Gain on disposal of property, plant and equipment	(140)	(125)	-	-
Gain on disposal of subsidiaries	-	-	(294)	-
Interest income	(298)	(1)	(82)	-
Negative goodwill	(8,024)	-	-	-
Rental income from premises	(2)	(3)	-	-
Waiver of liabilities	-	(45)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

28. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

(a) Net gains/(losses) arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Financial assets and financial liabilities at AC	233	4	82	462
	<u>233</u>	<u>4</u>	<u>82</u>	<u>462</u>

29. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current financial year				
- income tax expenses	55	17	-	-
- deferred tax expenses	143	4	-	-
	<u>198</u>	<u>21</u>	<u>-</u>	<u>-</u>
Under provision in prior financial year				
- income tax expenses	20	-	-	-
	<u>218</u>	<u>21</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

29. TAX EXPENSE (CONT'D)

A reconciliation of income tax expense/(credit) on profit/(loss) before taxation with the applicable statutory income tax rate is as follows: -

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) before taxation	33,041	4,253	(309)	(2,092)
Tax at the statutory tax rate of 24% (2018: 24%)	7,930	1,021	(74)	(502)
Tax effect of:				
Non-deductible expenses	-	264	142	475
Deferred tax assets not recognised	174	394	22	27
Utilisation of deferred tax assets previously not recognised	-	(9)	-	-
Non-taxable income	(560)	(7)	(90)	-
Tax exempt income	(7,346)	(1,642)	-	-
Current financial year tax expense	198	21	-	-

As at 31 December 2019, the Group and the Company has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income: -

	Group	
	2019 RM'000	2018 RM'000
Other deductible temporary differences	(977)	(998)
Unabsorbed capital allowances	454	390
Unutilised tax losses	5,066	4,977
	4,543	4,369

With effect from year of assessment (YA) 2018, unutilised tax losses can only be carried forward for a maximum period of 7 consecutive YAs to be utilised against income from any business source. Unutilised tax losses accumulated as of YA 2018 of RM20,737,000 can be utilised for another 7 YAs and will be disregarded in YA 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

30. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per ordinary share of the Group is calculated based on the profit attributable to owners of ordinary shares divided by the weighted average number of ordinary shares in issue.

	Group	
	2019	2018
Profit attributable to owners of the Company (RM'000)	33,205	4,232
Weighted average number of ordinary shares at 31 December ('000)	289,813	67,210
Basic earnings per share (sen)	11.46	6.30

(b) Diluted earnings per share

The diluted earnings per share of the Group is calculated based on the profit attributable to owners of ordinary shares divided by the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares arising from ICPS as follows: -

	Group	
	2019	2018
Profit attributable to owners of the Company (RM'000)	33,205	4,232
Weighted average number of ordinary shares at 31 December ('000)	289,813	67,210
Adjustment for dilutive effects of:		
- ICPS	39,277	-
	329,090	67,210
Diluted earnings per share (sen)	10.09	6.30

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

31. STAFF COST

	Group	
	2019 RM'000	2018 RM'000
Salaries, wages and allowances	1,266	1,665
EPF contributions	149	77
SOCSSO contributions	14	10
EIS contributions	1	1
Others	35	-
	<u>1,465</u>	<u>1,753</u>

32. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors of the Group and of the Company during the financial year are as follows: -

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive directors:				
- fee	10	20	10	20
- non-fee emoluments	866	495	-	-
Non-executive directors:				
- fee	26	60	26	60
	<u>902</u>	<u>575</u>	<u>36</u>	<u>80</u>

33. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(a) Identities of related parties (Cont'd)

Related parties also include Key Management Personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The Key Management Personnel include all the Directors of the Group and of the Company.

The Group has related party relationship with its subsidiaries, directors and companies in which directors of the Group have interest.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Management fee received/receivable from subsidiaries	-	-	-	84
Rental paid/payable to a Company in which a Company's director has substantial financial interests				
- office premises	204	124	-	-
- scows and tug boats	-	150	-	-
Key management personnel compensation:				
- short-term employee benefits	902	575	36	80

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

The Group is organised into 5 main business segments as follows: -

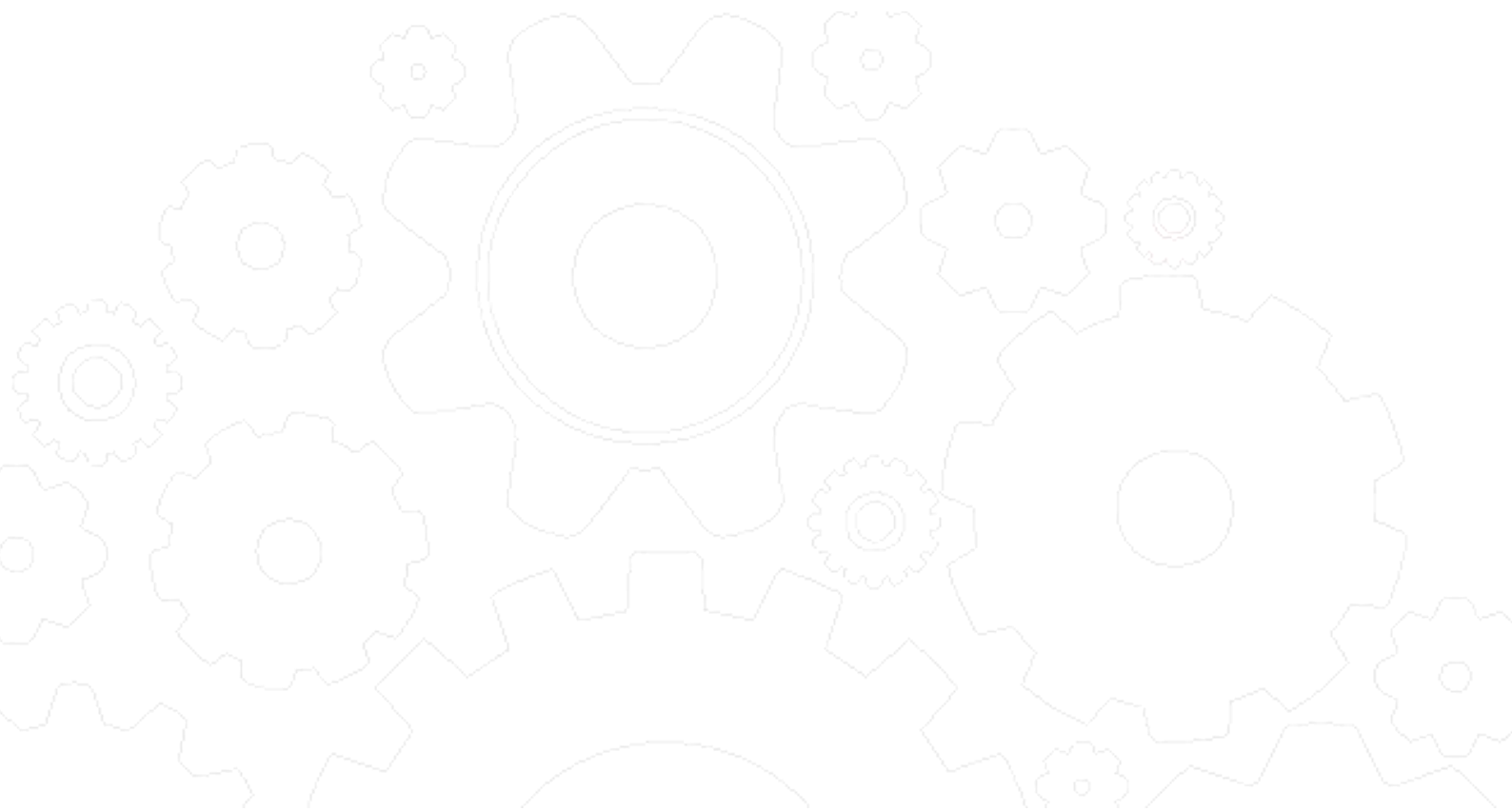
- (a) Investment holdings and others segment - involved in management services and investment holding.
- (b) Manufacturing of wood products segment - involved in manufacturer of wood products.
- (c) Barging segment - involved in hire of scows and tug boats.
- (d) Timber segment - involved in timber contractor.
- (e) Information technology segment – involved in resell of customised Enterprise Resource Planning (ERP) software system and Information Technology related business.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items 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 at arm's length basis in manner similar to transactions with third parties.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

Business segments

	Investment holdings and others RM'000	Manufac- turing of wood products RM'000	Barging RM'000	Information technology RM'000	Group RM'000
2019					
<u>Revenue</u>					
External Revenue	-	-	153	102,491	102,644
Inter-segment revenue	-	-	-	33,299	33,299
	-	-	153	135,790	135,943
Adjustments and eliminations					(33,299)
Consolidated revenue					<u>102,644</u>
<u>Results</u>					
Results before following adjustment	(309)	(944)	(111)	31,323	29,959
Adjustments and elimination	(4,374)	-	-	8,517	4,143
Depreciation	-	(385)	(21)	(590)	(996)
Segment results	(4,683)	(1,329)	(132)	39,250	33,106
Finance costs					(65)
Tax expenses					(218)
Consolidated profit after taxation					<u>32,823</u>
<u>Assets</u>					
Segment assets	437	15,174	9	136,211	151,831
Adjustment					(24,797)
Consolidated total assets					<u>127,034</u>
<u>Liabilities</u>					
Segment liabilities	251	510	179	12,603	13,543
Adjustment					(5,940)
Consolidated total liabilities					<u>7,603</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

	Investment holdings and others RM'000	Manufac- turing of wood products RM'000	Barging RM'000	Timber RM'000	Information technology RM'000	Group RM'000
2018						
<u>Revenue</u>						
External revenue	-	7,008	256	-	7,993	15,257
Inter-segment revenue	84	-	118	-	6,855	7,057
	<u>84</u>	<u>7,008</u>	<u>374</u>	<u>-</u>	<u>14,848</u>	<u>22,314</u>
Adjustments and eliminations						<u>(7,057)</u>
Consolidated revenue						<u>15,257</u>
<u>Results</u>						
Results before following adjustments	(2,092)	(1,290)	(120)	(8)	6,973	3,463
Adjustments and elimination	(546)	1,998	(114)	-	(28)	1,310
Depreciation	-	(440)	(36)	-	(2)	(478)
Segment results	<u>(2,638)</u>	<u>268</u>	<u>(270)</u>	<u>(8)</u>	<u>6,943</u>	<u>4,295</u>
Finance costs						(42)
Tax expenses						<u>(21)</u>
Consolidated profit after taxation						<u>4,232</u>
<u>Assets</u>						
Segment assets	<u>5</u>	<u>16,752</u>	<u>208</u>	<u>22</u>	<u>7,847</u>	<u>24,834</u>
Adjustment						<u>(45)</u>
Consolidated total assets						<u>24,789</u>
<u>Liabilities</u>						
Segment liabilities	<u>494</u>	<u>696</u>	<u>99</u>	<u>6</u>	<u>66</u>	<u>1,361</u>
Consolidated total liabilities						<u>1,361</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

34. OPERATING SEGMENTS (CONT'D)

Geographical information

The Group operates predominantly in Malaysia and revenue from overseas is insignificant. Accordingly, the information by geographical segment is not presented.

Major customers

There are four (4) (2018: three (3)) major customers contributing to 98% of the Group's revenue.

35. FINANCIAL RISK MANAGEMENT

The Group and the Company has exposure to the following risks from their use of financial instruments:-

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on sales that are denominated in U.S. Dollar ("USD"). As at 31 December 2019, the Group has trade receivables denominated in USD amounted to RM6,723,934 (2018: nil).

A 10% (2018: nil) strengthening of the RM against USD at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

USD

Group Profit or Loss	
2019 RM'000	2018 RM'000
511	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT CONT'D)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

A 10% (2018: nil) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 35(c) to the financial statements.

Interest rate risk sensitivity analysis

The Group is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rates and are measured at amortised costs. As such, sensitivity analysis is not disclosed.

(iii) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Receivables

The Group's sales to customers are on credit terms of 180 to 210 days. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

When an account is more than 210 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 1 year past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorises the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

Concentration of credit risk

The Group assesses concentrations of credit risk by exposure to single-large customers, industry sectors and overseas jurisdictions.

There are four (4) (2018: three (3)) customers concentrated in trade receivables balances. There was no significant exposure to single customers or to industry groups.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Receivables (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade and other receivables by geographical region is as follows:-

	Group	
	2019 RM'000	2018 RM'000
Malaysia	23,188	9,939
Cambodia	6,724	-
	<u>29,912</u>	<u>9,939</u>

Past due and impaired financial assets

The exposure of credit risk for trade receivables as at the end of the reporting period by business segment is as follows: -

	Group	
	2019 RM'000	2018 RM'000
Information technology	<u>29,736</u>	<u>6,719</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Receivables (Cont'd)

Past due and impaired financial assets (Cont'd)

The ageing analysis of trade receivables at the end of the reporting period is as follows: -

	Gross amount RM'000	Individual impairment RM'000	Group Collective impairment RM'000	Net amount RM'000
2019				
Not past due	5,886	-	-	5,886
Past due 1-30 days	2,644	-	-	2,644
Past due 31-120 days	7,996	-	-	7,996
Past due 121-210 days	9,328	-	-	9,328
Past due more than 210 days	3,882	-	-	3,882
	<u>29,736</u>	<u>-</u>	<u>-</u>	<u>29,736</u>
2018				
Not past due	6,569	-	-	6,569
Past due 31-120 days	150	-	-	150
	<u>6,719</u>	<u>-</u>	<u>-</u>	<u>6,719</u>

There is no allowance made for impairment losses of trade receivable for the Group during the financial year.

Inter-company advances

The Company provides unsecured advances to its subsidiaries and monitors the results of the subsidiaries regularly.

As at end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly-owned by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

Receivables (Cont'd)

Inter-company advances (Cont'd)

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries as individual impairment has been provided for.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period): -

	Contractual interest rate %	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	Over 1 year RM'000
2019					
Group					
<i>Non derivative financial liabilities</i>					
Trade payables	-	193	193	193	-
Other payables and accruals	-	573	573	573	-
Amount due to directors	-	125	125	125	-
Lease liabilities	6.81	606	706	240	466
		<u>1,497</u>	<u>1,597</u>	<u>1,131</u>	<u>466</u>
Company					
Other payable and accruals	-	252	252	252	-
Amount due to a subsidiary	-	3	3	3	-
		<u>255</u>	<u>255</u>	<u>255</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

35. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (Cont'd)

2018

Group

Non derivative financial liabilities

Trade payables

- 546 546 546 -

Other payables and accruals

- 626 626 626 -

Amount due to directors

- 67 67 67 -

Finance lease liability

2.72 59 60 60 -

1,298 1,299 1,299 -

Company

Other payable and accruals

- 348 348 348 -

Amount due to a subsidiary

- 362 362 362 -

710 710 710 -

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirement, if any. The debt-to-equity ratio calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows: -

	Group	
	2019	2018
	RM'000	RM'000
Lease liabilities	606	-
Finance lease liability	-	59
Less: Cash and bank balances	(27,642)	(2,551)
Net asset	(27,036)	(2,492)
 Total equity	 119,431	 23,428
 Debt-to-equity ratio	 (0.23)	 (0.11)

The Group has insignificant external borrowings. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

37. FAIR VALUE OF MEASUREMENT

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

37. FAIR VALUE OF MEASUREMENT (CONT'D)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Group Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2019										
<u>Finance liabilities</u>										
Lease liabilities	-	-	-	-	-	-	606	606	606	606
2018										
<u>Finance liability</u>										
Finance lease liability	-	-	-	-	-	-	59	59	59	59

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

37. FAIR VALUE MEASUREMENT (CONT'D)

Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Valuation technique
Lease liabilities / Finance lease liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting rate.

Valuation process applied by the Group for Level 3 fair value

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Executive Director. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. ACQUISITION OF A SUBSIDIARY

On 20 June 2019, the Group acquired 51% of the shares in C&M Renewable Energy Technology Sdn. Bhd. for a total consideration of RM5,500,000, satisfied in cash and from that date the Group gained control. The company has yet to commence operations.

The effects of the acquisition of the subsidiary on the financial results of the Group between the date of acquisition and the end of the financial year are as follows: -

	Group 2019 RM'000
Sales	
Administrative expenses	-
Net loss for the period	(119)
	<u>(119)</u>

If the above acquisition had occurred on 1 January 2019, the management estimates that the consolidated Group profit after tax for the financial year would have been RM32,319,000.

The following summarise the recognised amounts of assets acquired and liabilities assumed at the date of acquisition: -

	Group 2019 RM'000
Identified assets acquired and liabilities assumed	
Intangible asset	24,752
Deferred tax liability	(5,940)
Other payables	(4)
Fair value of net identifiable assets acquired	<u>18,808</u>

Goodwill

Goodwill was recognised as a result of the acquisition as follows: -

	Group 2019 RM'000
Total consideration transferred	5,500
Fair value of net identifiable assets acquired	(18,808)
Non-controlling interest	5,284
Negative goodwill	<u>(8,024)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. ACQUISITION OF A SUBSIDIARY (CONT'D)

In the previous financial year, on 13 November 2018, the Group acquired all the shares in Baritech Sdn. Bhd. for a total consideration of RM1, satisfied in cash and from that date the Group gained control. The company provides information technology outsourcing ("ITO") services.

The effects of the acquisition of the subsidiary on the financial results of the Group between the date of acquisition and the end of the financial year are as follows: -

	Group 2018 RM'000
Sales	6,854
Cost of sales	(19)
Gross profit	6,835
Other income	45
Administrative expenses	(5)
Profit before tax	6,875
Tax expenses	-
Net profit for the financial period	6,875

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 November 2018.

	Group 2018 RM'000
Identified assets acquired and liabilities assumed	
Cash and cash equivalents	2
Other payables	(2)
Amount due to a director	(45)
Total identifiable net liabilities	(45)
Goodwill on acquisition	45
Total purchase consideration	*
Less: Cash and cash equivalents	(2)
Net cash inflows	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

38. ACQUISITION OF A SUBSIDIARY (CONT'D)

Goodwill

Goodwill was recognised as a result of the acquisition as follows: -

	Group 2018 RM'000
Total consideration transferred	* -
Fair value of identifiable net assets	45
Goodwill	45

* represent RM 1

39. SIGNIFICANT CHANGES TO ACCOUNTING POLICIES

The Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table presents the impact of changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 *Leases* as at 1 January 2019: -

	Group 31.12.2018 RM'000	Changes RM'000	Group 1.1.2019 RM'000
Non-current assets			
- Property, plant and equipment	11,725	(7,795)	3,930
- Right-of-use assets	-	8,455	8,455
	11,725	660	12,385
Non-current liabilities			
- Lease liabilities	-	606	606
Current liabilities			
- Lease liabilities	-	133	133
	-	739	739
Retained earnings	7,680	(79)	7,601

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

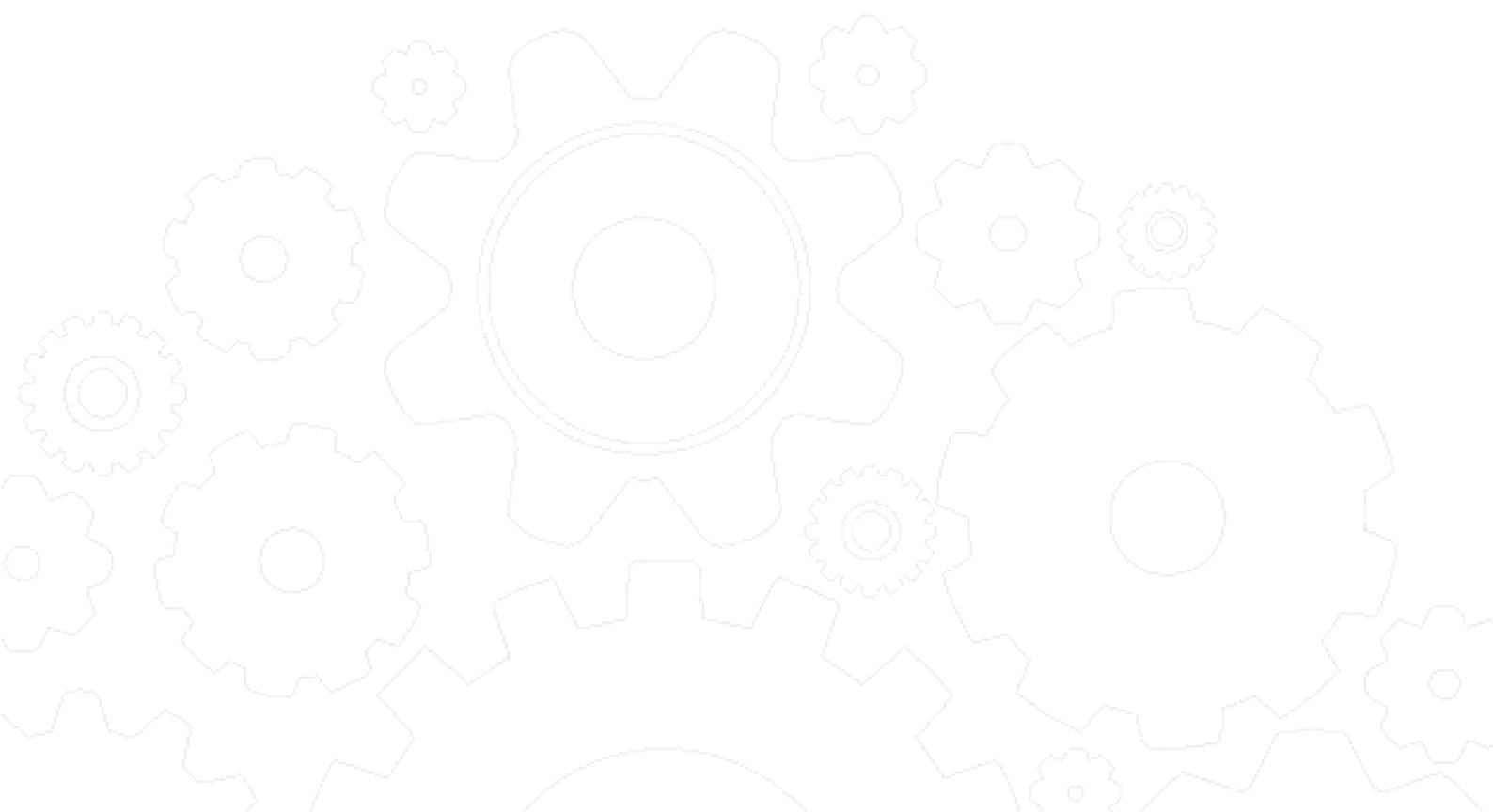
39. SIGNIFICANT CHANGES TO ACCOUNTING POLICIES (CONT'D)

- (a) The right-of-use assets comprise leasehold lands and office spaces leased from third parties and recognised during the period. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.
- (b) The lease liabilities arising from leasehold lands and office spaces leased from third parties are recognised and discounted using the Group's weighted average incremental borrowing rate of 6.81% on RM890,160 disclosed as operating lease commitments as at 31 December 2018. Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Other than the above, the Group elected to apply exemption for a lease of premises expiring within 12 months under the Appendix C, paragraph 10(c) of this Standard. The lease payments are recognised as an expense on a straight-line basis over the remaining lease term during the current financial year.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 18 January 2019, the irredeemable convertible preference shares ("ICPS") issued at an issue price of RM0.01 each have been admitted to the Official List of Bursa Malaysia Securities Berhad and the listing of and the quotation for 1,008,150,000 ICPS was granted with effect from 18 January 2019.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

41. OTHER INFORMATION

- (a) The Company is a limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

- (b) The registered office of business is situated at:

TB 8285, Lot 20C
Perdana Square Commercial Centre
Miles 3¹/₂, Jalan Apas
91000 Tawau
Sabah

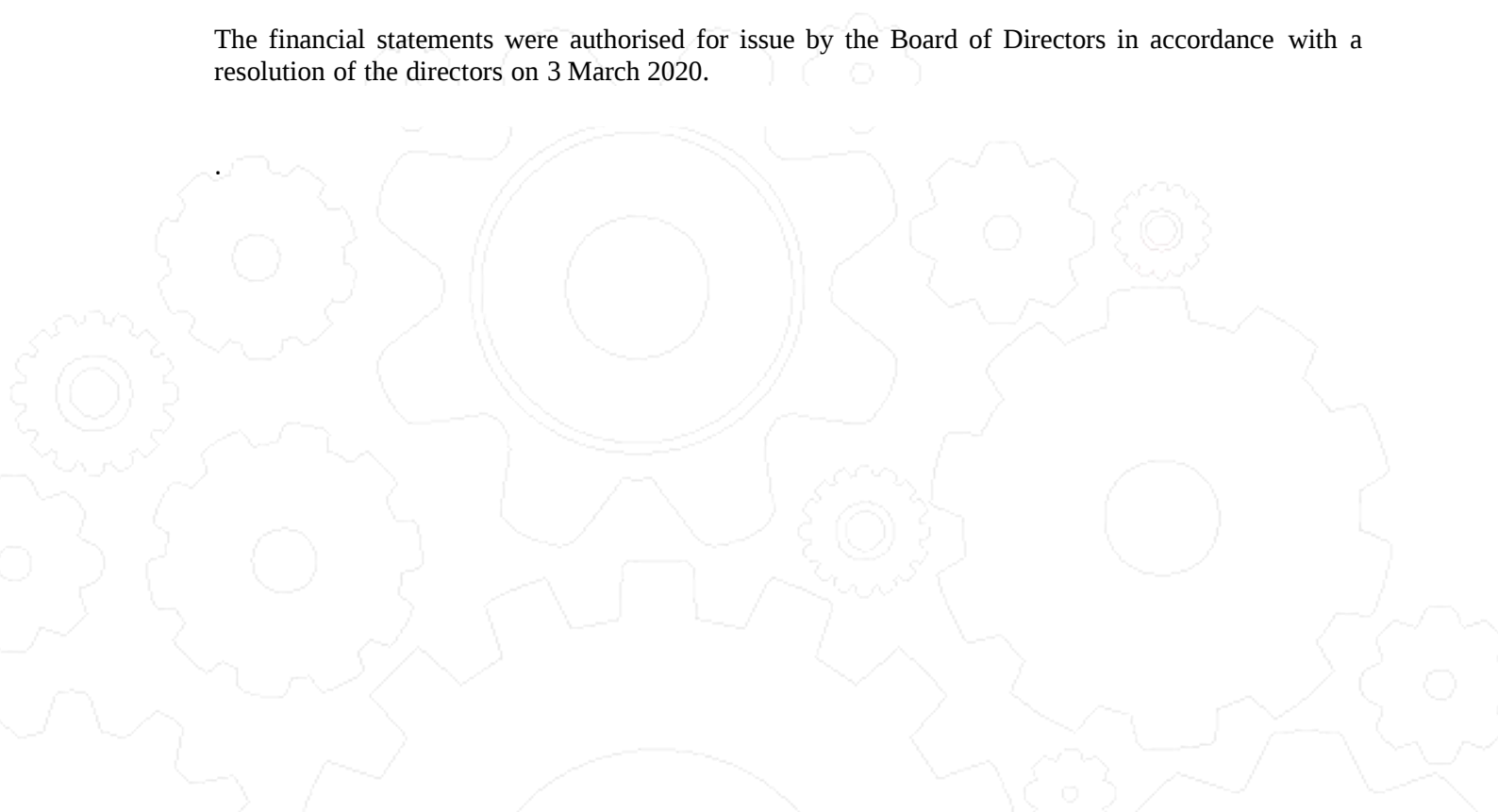
- (c) The principal place of business is situated at:

17-03, 17th Floor, Q Sentral
2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 March 2020.



STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of **ARB BERHAD (formerly known as Aturmaju Resources Berhad) (Registration No. 199701033435 (448934-M))** do hereby state that, in the opinion of the Directors, the financial statements set out on pages 70 to 142 are drawn up in accordance with the 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 state of affairs of the Group and of the Company as at 31 December 2019 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

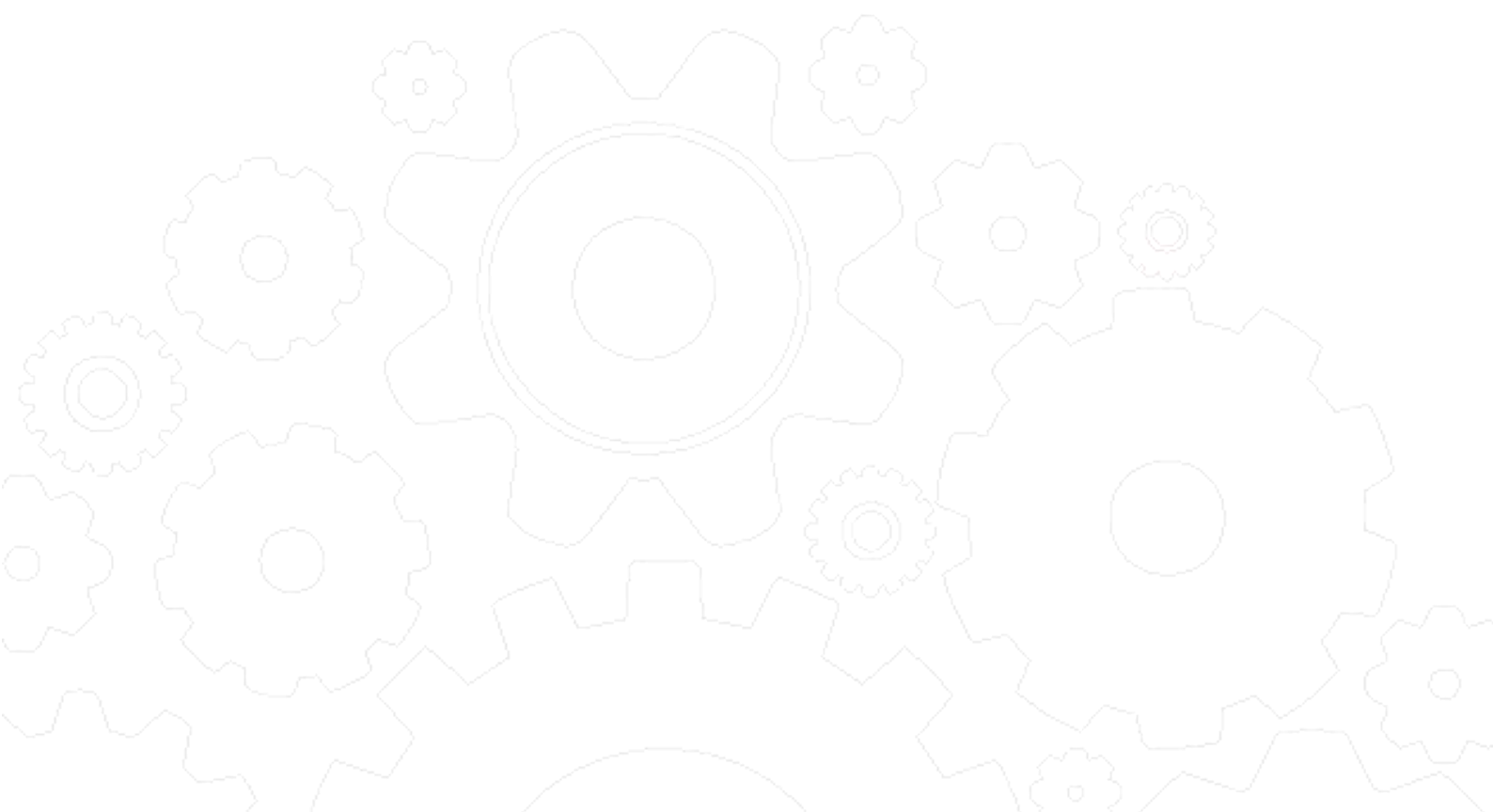
Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATUK YEO WANG SENG

YEO GEE KUAN

Tawau

3 March 2020



STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **LIM YUN NYEN**, being the Director primarily responsible for the financial management of **ARB BERHAD (formerly known as Aturmaju Resources Berhad) (Registration No. 199701033435 (448934-M))** do solemnly and sincerely declare that the financial statements set out on pages 70 to 142 are to the best of my knowledge and belief, 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.

LIM YUN NYEN

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 3 March 2020

Before me



INDEPENDENT AUDITORS' REPORT

To the Members of ARB Berhad (formerly known as Aturmaju Resources Berhad)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ARB Berhad (formerly known as Aturmaju Resources Berhad), which comprise the statements of financial position as at 31 December 2019 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 142.

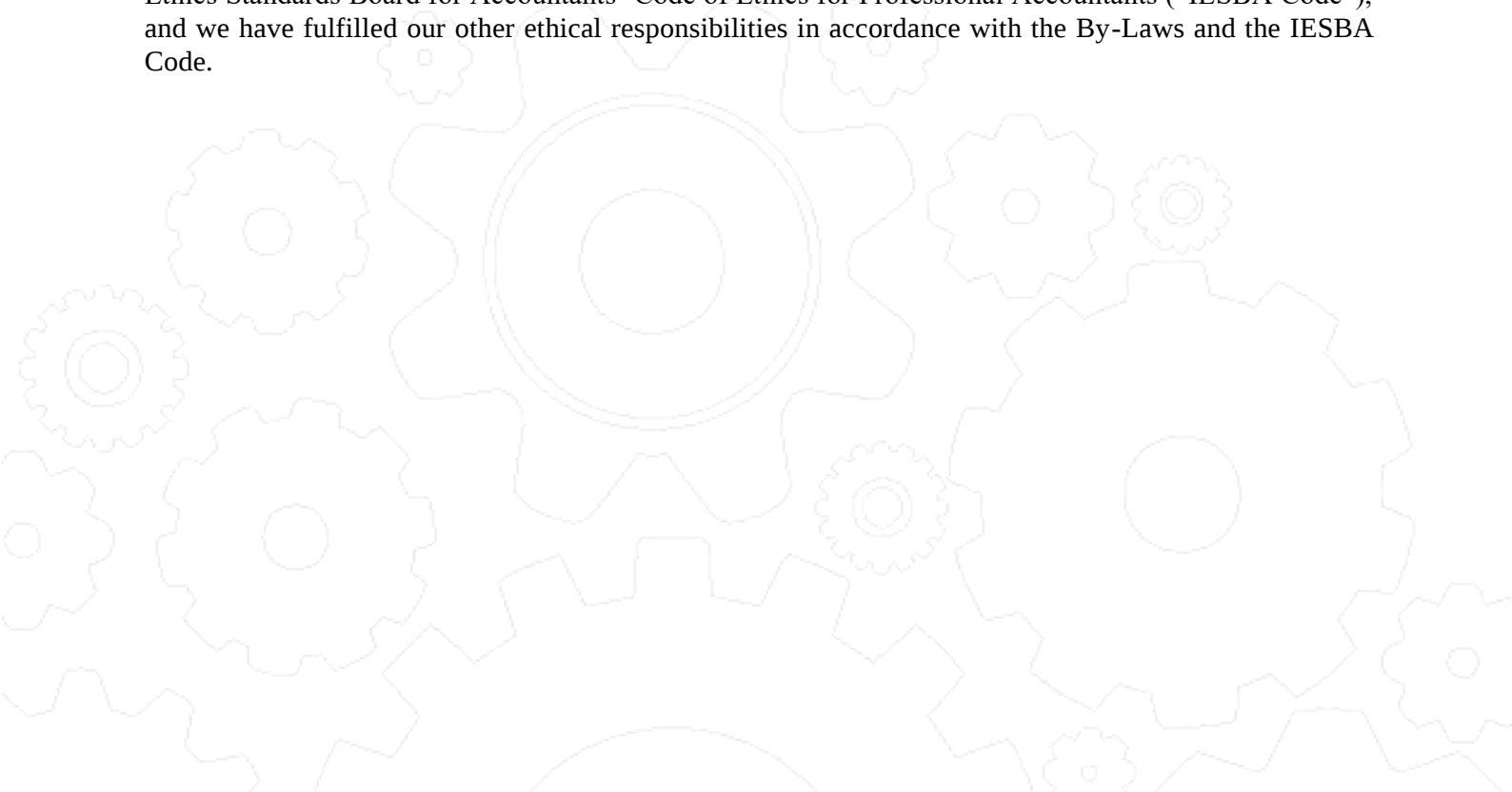
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting 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.



INDEPENDENT AUDITORS' REPORT

To the Members of ARB Berhad (formerly known as Aturmaju Resources Berhad) (Cont'd)

Key Audit Matters

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

(a) Revenue recognition

Refer to Note 3.12 Significant Accounting Policies – Revenue Recognition and Note 26 – Revenue.

The key audit matter

Revenue recognition is a presumed fraud risk as the Group may be under pressure by external parties (i.e. expectations by shareholders and market analysts) and internal parties (i.e. performance of management). This may lead to potential overstatement of revenue.

How the matter was addressed in our audit

We performed the following audit procedures, among others: -

- We have evaluated the key terms and conditions of significant new revenue agreements entered during the financial year to check the accuracy of revenue recognition.
- We have performed substantive testing to ascertain that the revenue was fairly stated.
- We have assessed the cut-off procedures implemented by the management to ascertain that revenue are recorded in the proper financial period.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 Directors' Report and Statement on Risk Management and Internal Control 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.

INDEPENDENT AUDITORS' REPORT

To the Members of ARB Berhad (formerly known as Aturmaju Resources Berhad) (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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 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 intend 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.

INDEPENDENT AUDITORS' REPORT

To the Members of ARB Berhad (formerly known as Aturmaju Resources Berhad) (Cont'd)

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

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 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.
- 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 communicate 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 identify during our audit

INDEPENDENT AUDITORS' REPORT

To the Members of ARB Berhad (formerly known as Aturmaju Resources Berhad) (Cont'd)

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance 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 describe 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.

Other Matters

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.

RSM Malaysia

AF: 0768

Chartered Accountants

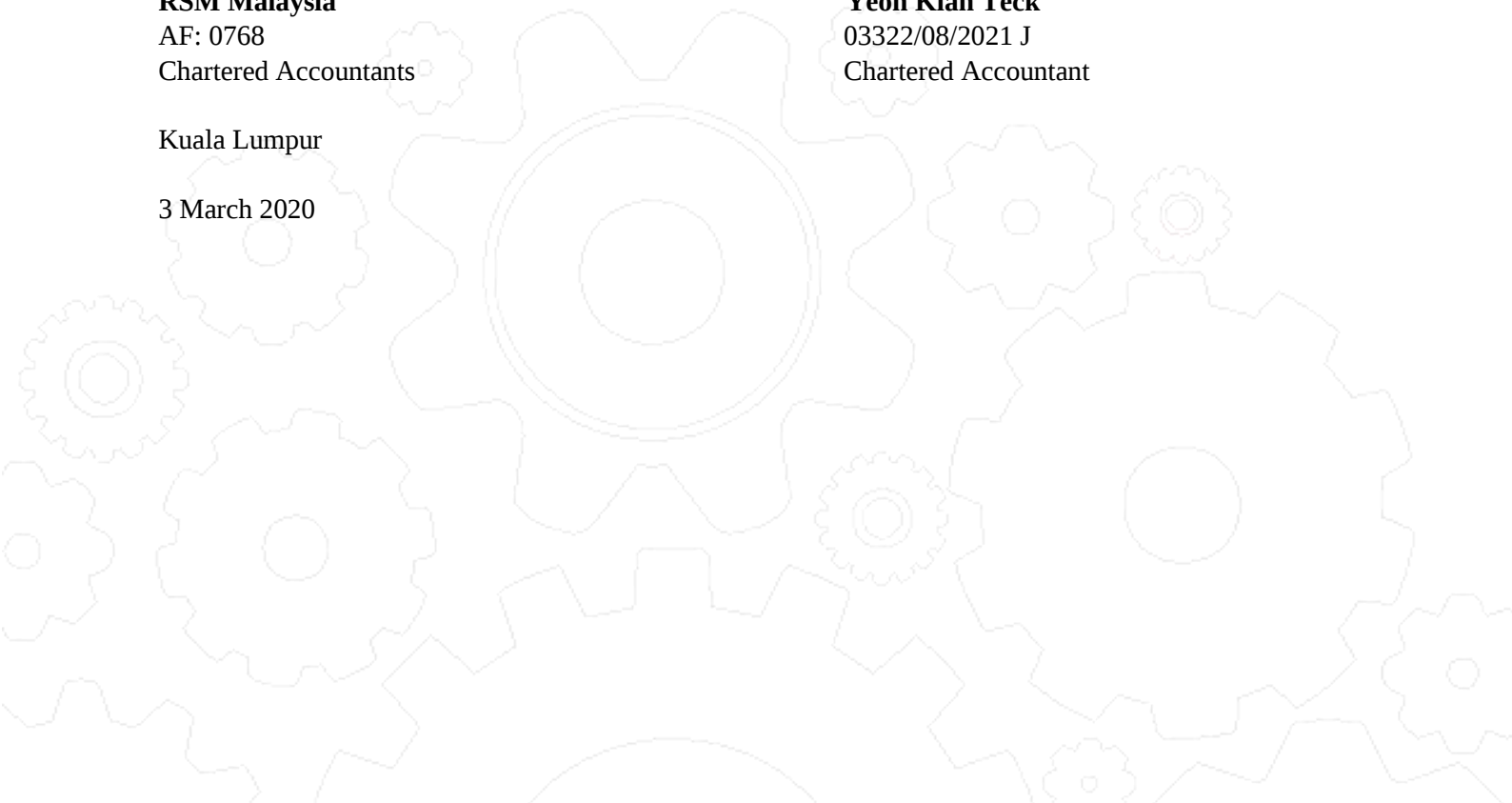
Kuala Lumpur

3 March 2020

Yeoh Kian Teck

03322/08/2021 J

Chartered Accountant



GROUP PROPERTIES PORTFOLIO

The landed property of the Group as at the date of this Annual Report is as follows: -

Registered Owner/ Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in interest	Land Area and Building's Built-up Area (sq. m.)	Approx. age of Building (Year)	Net Book Value @ 31 Dec 2019 RM
1. CL 105477361 Alongside the Kalabakan River, 100km to the North-west of Tawau Municipal Centre, Kalabakan, District of Tawau, State of Sabah.	31,760	99 years (01.01.1993 - 31.12.2091)	Land MiniSawBuilding 7 units timber sheds Store cum planner Workshop Generator House	669 10,701 613 297 56	25 25 25 25 25	628,224 65,329 63,857 3,260 15,852 1,178 <u>777,700</u>
2. CL 105474557 Alongside the Kalabakan River, 100 km to the North-west of Tawau Municipal Centre, Kalabakan, District of Tawau, State of Sabah.	19,920	60 years (01.01.1992 - 31.12.2051)	Land Land Reclamation Sawmill Complex Double storey office cum senior staff quarters Badminton hall Canteen Double storey office cum senior staff quarters Canteen Building Labour Line	483 238 260 1,085	25 25 25 18 15 10	312,541 163,653 1 1 6,987 1 14,406 1,037 26,201 <u>524,828</u>

GROUP PROPERTIES PORTFOLIO

The landed property of the Group as at the date of this Annual Report is as follows: - (Cont'd)

Registered Owner/ Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in interest	Land Area and Building's Built-up Area (sq. m.)	Approx. age of Building (Year)	Net Book Value @ 31 Dec 2019 RM
3. CL 105491825	53,760	99 years	Land			1,004,714
Alongside the Kalabakan		(01.01.1995 -	Land Reclamation			89,527
River, 100 km to the north-		31.12.2093)	Plywood factory cum	17,561	18	3,014,924
west of Tawau Municipal			timber product shed			
Center, Kalabakan, District			Workshop cum store	929	18	3,200
of Tawau, State of Sabah.			Generator store	297	18	1
			Boiler Shed	334	18	1
			Block board factory	2,055	18	137,186
			Polyester and Tego	7,808	18	1,352,746
			Plywood factory cum kiln			
			dry section			
			2 units water reservoir	453	18	1
			(cubic ft)			
			High rise platform water	37	18	20,520
			tank (Cubic ft)			
			Gate House		20	1
			Workshop		18	1
			Forestry House		24	1,118
			New Office		22	113,884
						5,737,824

GROUP PROPERTIES PORTFOLIO

The landed property of the Group as at the date of this Annual Report is as follows: - (Cont'd)

Registered Owner/ Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in interest	Land Area and Building's Built-up Area (sq. m.)	Approx. age of Building (Year)	Net Book Value @ 31 Dec 2019 RM
4. CL 105438855-TB3744 Taman Sri Aman Light Industrial Estate, Mile 3 1/2, Japan Apas, 91000 Tawau, Sabah.	153.90	999 years (08.04.1920 - 07.04.2919)	An intermediate double storey terrace commercial unit currently used as warehouse Office Building Electrical installation Renovation	307.80	28	71,937 14,532 80,456 68,833
5. CL 105438864-TB3745 Taman Sri Aman Light Industrial Estate, Mile 3 1/2, Japan Apas, 91000 Tawau, Sabah.	153.90	999 years (08.04.1920- 07.04.2919)	An intermediate double storey terrace commercial unit currently used as warehouse Renovation	307.80	28	161,448 68,833

ANALYSIS OF SHAREHOLDINGS

As at 18 February 2020

Total number of issued shares : 292,808,700 ordinary shares
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

Distribution of Shareholding as at 18 February 2020

Size of Shareholdings	Number of Holders	%	Number of Shares Held	%
Less Than 100 shares	27	0.4553	1,090	0.0004
100 to 1,000 shares	451	7.6054	224,970	0.0768
1,001 to 10,000 shares	2,162	36.4587	14,391,814	4.9151
10,001 to 100,000 shares	2,857	48.1788	105,219,400	35.9345
100,001 to less than 5% of issued shares	432	7.2850	155,419,261	53.0788
5% and above of issue shares	1	0.0169	17,552,165	5.9944
Total	5,930	100.0000	292,808,700	100.0000

Substantial Shareholders Shareholding as at 18 February 2020

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No of Ordinary Shares	%	No of Ordinary Share	%
Dato' Liew Kok Leong	17,552,165	5.9944	5,569,700 *	1.9022

Note :

* Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

List of Thirty (30) Largest Shareholders as at 18 February 2020

No	Shareholders	No of Shares	%
1	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Kok Leong	17,552,165	5.9944
2	Aspirasi Puspita Sdn Bhd	13,467,961	4.5996
3	Au Yee Boon	5,001,300	1.7080
4	Chan Tiang Seng	4,900,000	1.6734
5	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Ukay One Sdn.Bhd. (SMART)	4,000,000	1.3661
6	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Hong Ming (MARGIN)	3,500,000	1.1953
7	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Au Yee Boon (MY3190)	2,751,900	0.9398
8	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Masnawi Bin Aton (MARGIN)	2,035,600	0.6952
9	Yap Poh Lian	2,000,000	0.6830
10	Lee Chee Kei	1,881,700	0.6426
11	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Boon Siong	1,833,000	0.6260
12	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Phooi San	1,832,785	0.6259
13	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Chin Kok Foong (SMART)	1,601,000	0.5468
14	Ng Soh Hin	1,575,000	0.5379
15	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ukay One Sdn Bhd (MGN-LKL0017M)	1,569,700	0.5361
16	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For JS Portfolio Sdn Bhd	1,500,000	0.5123
17	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sinny United Sdn Bhd	1,431,100	0.4887
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Lee Foon (E-SS2)	1,265,200	0.4321
19	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Boon Siong (MY3195)	1,223,015	0.4177

ANALYSIS OF SHAREHOLDINGS (CONT'D)

List of Thirty (30) Largest Shareholders as at 18 February 2020 (Cont'd)

No	Shareholders	No of Shares	%
20	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Sai Kim	1,200,000	0.4098
21	Maybank Nominees (Tempatan) Sdn Bhd Wong Fock Wah	1,200,000	0.4098
22	On Thiam Chai	1,050,000	0.3586
23	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Han Ngin (8108397)	1,000,000	0.3415
24	Lee Chong Choon	945,000	0.3227
25	Ng Kok Seng	900,000	0.3074
26	Lee Tai Fatt	800,000	0.2732
27	Ding Huang Kai	800,000	0.2732
28	Law Wee Shen	800,000	0.2732
29	Lee Ah Kow	773,500	0.2642
30	Foong Nget Lee	738,000	0.2520
		81,127,926	27.7068

Directors' Shareholding in share as at 18 February 2020

Name of Director	Direct Interest		Indirect Interest	
	No of Ordinary Shares	%	No of Ordinary Shares	%
Datuk Yeo Wang Seng	-	-	13,467,961 *	4.5995
Dato' Liew Kok Leong	17,552,165	5.9944	5,569,700 **	1.902
Lim Yun Nyen	6,612	0.0023	-	-

Notes :

* Deemed interest through his substantial shareholdings in Aspirasi Puspita Sdn Bhd pursuant to Section 8 of the Act

** Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Act

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 18 February 2020

Total number of issued shares : 781,958,800 ICPS
Class of shares : Preference Shares

Distribution of ICPS Holders as at 18 February 2020

Size of Shareholdings	Number of ICPS Holders	%	Number of ICPS Held	%
Less Than 100 ICPS	1	0.1233	57	0.0000
100 to 1,000 ICPS	14	1.7263	7,800	0.0010
1,001 to 10,000 ICPS	104	12.8237	720,600	0.0922
10,001 to 100,000 ICPS	456	56.2268	21,566,000	2.7579
100,001 to less than 5% of issued ICPS	232	28.6067	328,137,371	41.9635
5% and above of issue ICPS	4	0.4932	431,526,972	55.1854
Total	811	100.0000	781,958,800	100.0000

ICPS Holders holding 5% or more of the total number of ICPS issued

Name of ICPS Holders	Direct Interest No of ICPS	%	Indirect Interest No of ICPS	%
Dato' Liew Kok Leong	181,264,457	23.18	161,660,915 *	20.67
Dark Rock Sdn Bhd	115,207,500	14.73	-	-
Au Yee Boon	69,870,571	8.94	115,207,500 **	14.73

Notes :

* Deemed interest through his substantial shareholding in Ukay One Sdn Bhd pursuant to Section 8 of the Act

** Deemed interest through his substantial shareholdings in Dark Rock Sdn Bhd pursuant to Section 8 of the Act

ANALYSIS OF SHAREHOLDINGS

List of Thirty (30) Largest ICPS Holders as at 18 February 2020

No	ICPS Holders	ICPS	%
1	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Ukay One Sdn.Bhd. (SMART)	161,660,915	20.6738
2	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Dark Rock Sdn Bhd	115,207,500	14.7332
3	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Kok Leong	91,258,557	11.6705
4	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Liew Kok Leong (PB)	63,400,000	8.1078
5	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Chai Sin Keong	34,941,300	4.4684
6	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Au Yee Boon (SMART)	33,600,000	4.2969
7	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd For Khor Chong Yak	29,973,900	3.8332
8	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account- Ambank (M) Berhad For Liew Kok Leong (SMART)	26,595,000	3.4011
9	Au Yee Boon	22,490,471	2.8762
10	Au Yee Boon	13,780,100	1.7623
11	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Kah Wah (E-TCS)	13,000,000	1.6625
12	Low Kah Wah	11,875,600	1.5187
13	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For David Wong You King	10,089,100	1.2902
14	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Lee Foon (E-SS2)	9,828,000	1.2568
15	Wong Sau Mooy	7,877,000	1.0073
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Shiueh Lih (E-TCS)	6,767,200	0.8654
17	Cheong Sau Wah	4,465,000	0.5710
18	Syarikat Rimba Timur (RT) Sdn Bhd	4,400,000	0.5627
19	Chong Poh Onn	3,541,000	0.4528

ANALYSIS OF SHAREHOLDINGS (CONT'D)

List of Thirty (30) Largest ICPS Holders as at 18 February 2020

No	ICPS Holders	ICPS	%
20	Tan Kok Kin	3,525,800	0.4509
21	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Er Yan Shuen (SMART)	3,401,000	0.4349
22	Low Hing Noi	2,900,000	0.3709
23	Finsource Capital Sdn Bhd	2,750,600	0.3518
24	Ho Phea Keat	2,750,000	0.3517
25	Leow Pek Fong @ Liew Pek Fong	2,500,000	0.3197
26	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Chong Hwa Siong (SMART)	2,041,700	0.2611
27	Maybank Nominees (Tempatan) Sdn Bhd Chan Zhi Weng	1,998,000	0.2555
28	Lim Jit Hai	1,955,400	0.2501
29	Kenanga Nominees (Tempatan) Sdn Bhd Ho Phea Keat (007)	1,600,000	0.2046
30	Woon Ching Chuen	1,600,000	0.2046
		691,773,143	88.4667

Directors' Shareholding in ICPS as at 18 February 2020

Name of Director	Direct Interest		Indirect Interest	
	No of ICPS	%	No of ICPS	%
Dato' Liew Kok Leong	181,264,457	23.18	161,660,915 *	20.67
Lim Yun Nyen	99,000	0.01	-	-

Note :

* Deemed interest through his substantial shareholdings in Ukay One Sdn Bhd pursuant to Section 8 of the Act

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (22nd) Annual General Meeting (“AGM”) of ARB Berhad (Formerly known as Aturmaju Resources Berhad) (“ARB” or “the Company”) will be held at Gallery 2, Level 2, LE MERIDIEN PUTRAJAYA, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Sepang, Selangor, Malaysia on Wednesday, 15 April 2020, at 8.30 a.m. for the purpose of transacting the following businesses: -

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.	Please refer to Explanatory Note 1
2.	To approve the payment of Directors’ fees of up to RM70,000 for the financial year ending 31 December 2020 to be divided amongst the Directors in such manner as the Directors may determine and other benefits payable of up to RM1,566,000 for the period commencing from 16 April 2020 until the conclusion of up to the next AGM of the Company.	Ordinary Resolution 1
3.	To re-elect Mr. Yeo Gee Kuan who retire pursuant to Clause 105 of the Company’s Constitution and who, being eligible, offer himself for re-election.	Ordinary Resolution 2
4.	To re-elect Mr. Lim Yun Nyen who retire pursuant to Clause 105 of the Company’s Constitution and who, being eligible, offer himself for re-election.	Ordinary Resolution 3
5.	To re-elect Mr. Tan Eik Huang who retire pursuant to Clause 114 of the Company’s Constitution and who, being eligible, offer himself for re-election.	Ordinary Resolution 4
6.	To re-appoint Messrs RSM Malaysia as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5
<u>AS SPECIAL BUSINESS</u>		
To consider and if thought fit, with or without any modification, to pass the following resolutions:		
7.	CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR “THAT approval be and is hereby given for Datuk Baharon Bin Talib who has served as an Independent Non-Executive Director (“INED”) of the Company for a cumulative term of more than nine years, to continue to be designated as an INED of the Company.”	Ordinary Resolution 6

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8.	AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 “THAT subject to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons 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 to be issued does not exceed ten per centum (10%) of the total number of the issued shares (excluding treasury 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 commence immediately upon the passing of this Resolution and continue to be in force until 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.”	Ordinary Resolution 7
9.	PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”) “THAT, subject to the Companies Act, 2016 (“the Act”), the provisions of Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:- (i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase; (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends; AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until: - (i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or	Ordinary Resolution 8

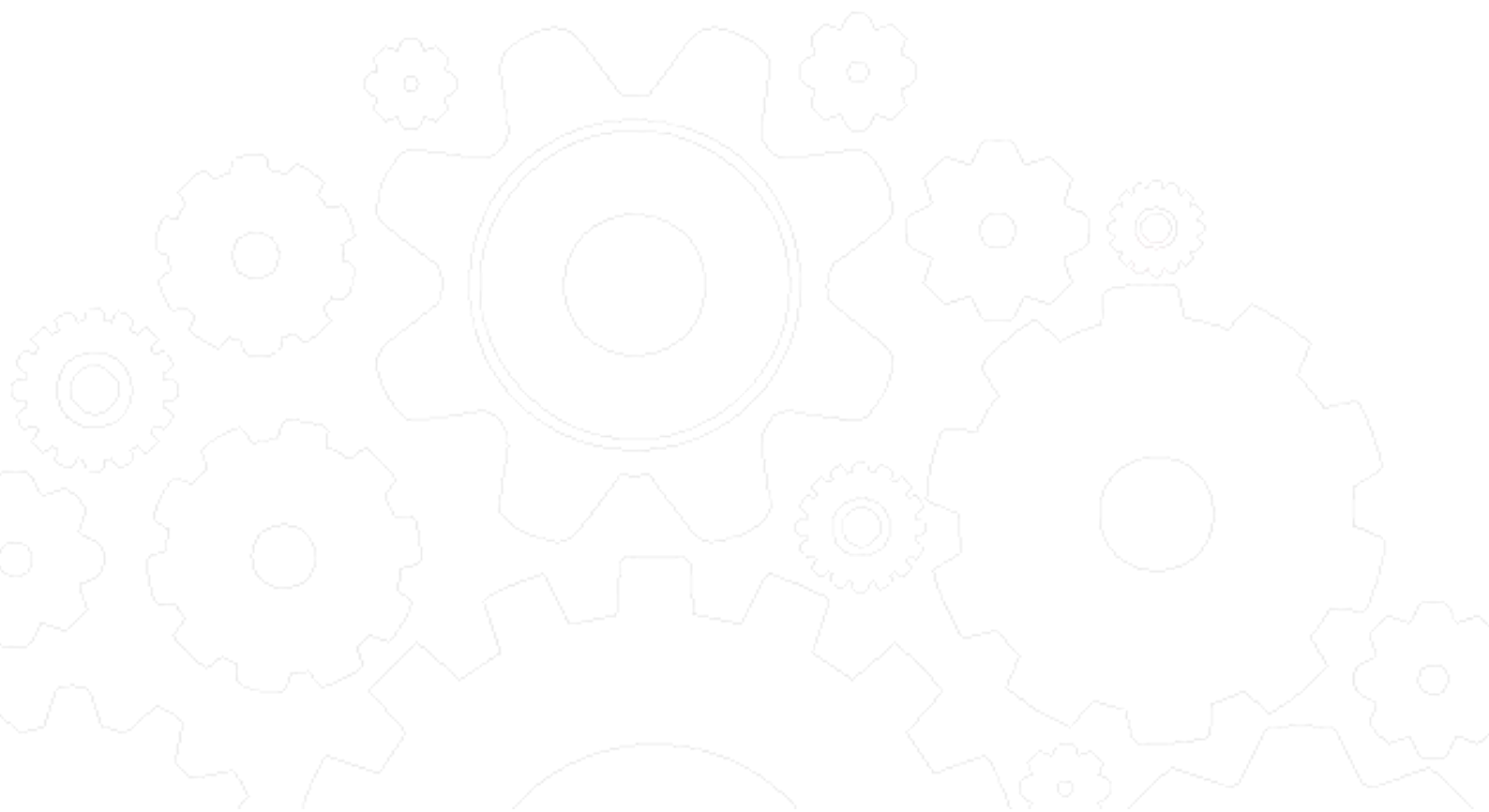
NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

	(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting; whichever occurs first. AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”	
10.	To transact any other business of the Company for which due notice shall have been given.	

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
THIEN LEE MEE (LS0009760)
Company Secretaries

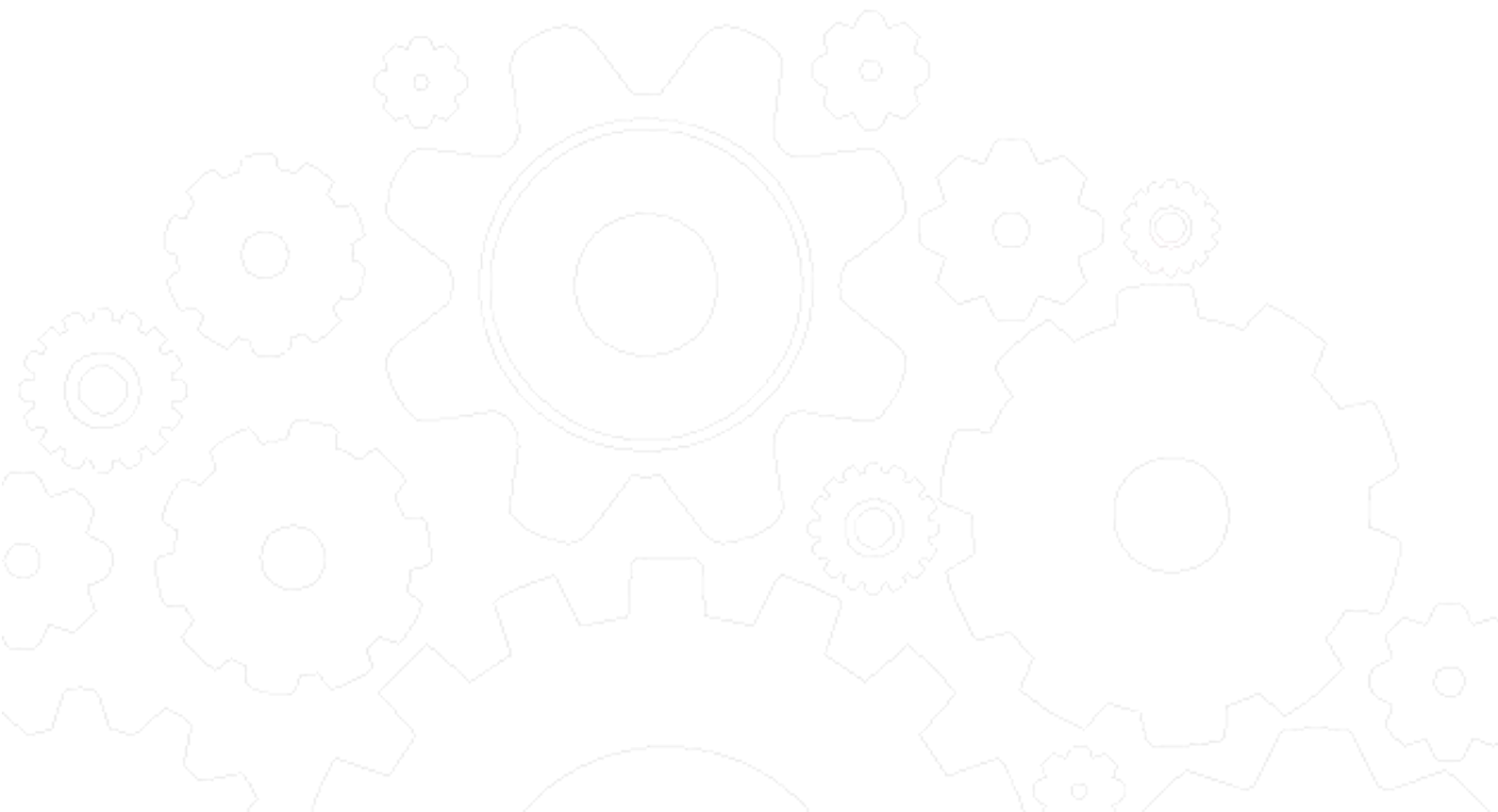
Kuala Lumpur
Date: 11 March 2020



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

- (1) *A member/shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company. Where a member/shareholder appoints more than one proxy to attend and vote at the meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
- (2) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
- (3) *Where a member of the Company is an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) or more proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (4) *Where a member of the Company is an exempt authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
- (5) *The Form of Proxy must be deposited at the Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
- (6) *For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request from Bursa Malaysia Depository Sdn Bhd the Record of Depositors as at 8 April 2020. Only members whose name appears on the Record of Depositors as at 8 April 2020 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and/or vote on his/her stead.*



NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS

1. Audited Financial Statements for the Financial Year Ended 31 December 2019

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provides that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1: To Approve the Payment of Directors' Fees and Other Benefits Payable

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the directors of public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Directors' benefits payable comprises of meeting allowances and other claimable benefits which calculated based on the current Board size and the number of scheduled Board and Board Committee meetings for the period commencing from 16 April 2020 until the conclusion of the next AGM of the Company.

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.

3. Ordinary Resolution 6: Continuing in office as INED

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event that the Company intends to retain the independent director who has served in that capacity for more than nine (9) years.

Following an assessment and recommendation by the Nominating Committee, the Board recommended that Datuk Baharon Bin Talib who has served as INED for a cumulative term of more than nine (9) years to continue to be designated as INED of the Company based on the following key justifications:

- (i) he fulfills the criteria under the definition of independent director as stated in the Main Market Listing Requirements of Bursa Securities, therefore, is able to bring independent and objective judgment to the Board;
- (ii) his relevant experience and expertise in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contribution and competence;
- (iii) he has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings;
- (iv) he is able to raise his independence views and devote sufficient time and exercise due care as Independent Director of the Company and carry out his duties diligently in the interest of the Company and shareholders; and
- (v) from his perfect attendance record at Board and Board Committee meetings, it is demonstrable of his commitment towards the Company's needs.

4. Ordinary Resolution 7: Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The Proposed Ordinary Resolution 7, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5. Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority

This Ordinary Resolution 8, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last AGM held on 15 April 2019. Further details are set out in the Circular to Shareholders dated 11 March 2020.

Statement Accompanying Notice of Annual General Meeting

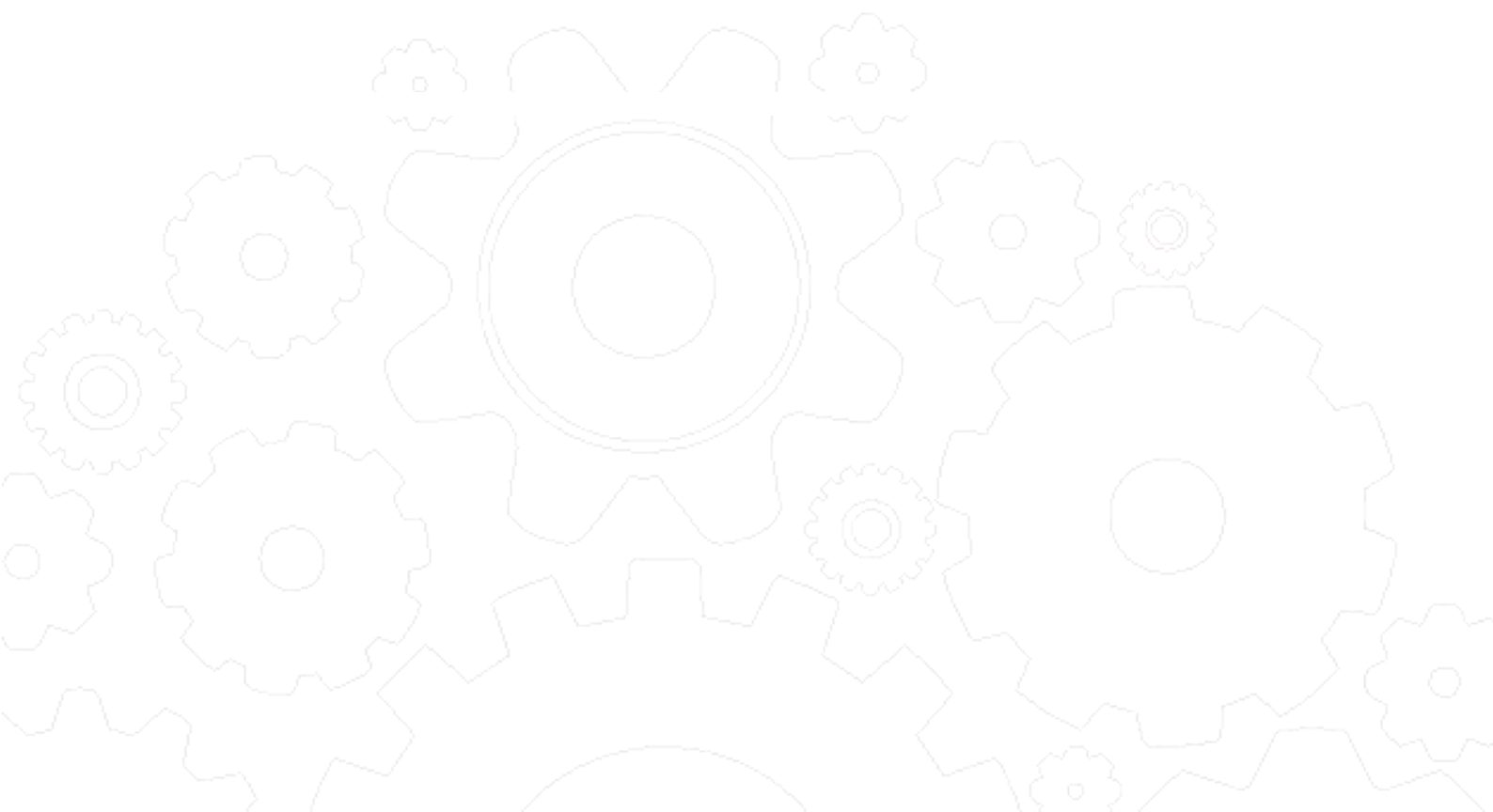
The Directors who are standing for re-election at the Twenty-Second (22nd) Annual General Meeting of the Company are:

(i)	Yeo Gee Kuan	Clause 105	(Ordinary Resolution 2)
(ii)	Lim Yun Nyen	Clause 105	(Ordinary Resolution 3)
(iii)	Tan Eik Huang	Clause 114	(Ordinary Resolution 4)

The profile of the above Directors is set out in the Annual Report 2019. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report set out in the Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Overview Statement set out in the Annual Report 2019.

The Twenty-Second (22nd) Annual General Meeting of the Company will be held at Gallery 2, Level 2, LE MERIDIEN PUTRAJAYA, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Sepang, Selangor, Malaysia on Wednesday, 15 April 2020, at 8.30 a.m.



ARB BERHAD
(FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD)
 [Registration No. 199701033435 (448934-M)]
 (Incorporated in Malaysia)

FORM OF PROXY

(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We _____ NRIC No./Passport No./Company No.) _____
 (Full name in block letters)

of _____
 (Full address)

being a member/members of **ARB BERHAD (FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD)**
 hereby appoint the following person(s): -

Name of proxy, NRIC No. & Address

No. of shares to be represented by proxy

1. _____
2. _____

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us and on my/our behalf at the Twenty-Second (22nd) Annual General Meeting to be held at Gallery 2, Level 2, LE MERIDIEN PUTRAJAYA, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Sepang, Selangor, Malaysia on Wednesday, 15 April 2020, at 8.30 a.m. and at every adjournment thereof to vote as indicated below: -

ORDINARY RESOLUTIONS		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the payment of Directors' fees and other benefits payable to the Directors of the Company.				
2.	To re-elect Mr. Yeo Gee Kuan as Director.				
3.	To re-elect Mr. Lim Yun Nyen as Director.				
4.	To re-elect Mr. Tan Eik Huang as Director.				
5.	To re-appoint the retiring auditors, Messrs RSM Malaysia.				
6.	Continuing in office as Independent Non-Executive Director for Datuk Baharon Bin Talib				
7.	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.				
8.	To approve the Renewal of Share Buy-Back Authority.				

(Please indicate with 'X' in the space provided above on how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____, 2020.

 Signature/ Common Seal

*** Strike out whichever is not desired.**

Notes:

- (1) A member/shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company. Where a member/shareholder appoints more than one proxy to attend and vote at the meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
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- (3) Where a member of the Company is an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (4) Where a member of the Company is an exempt authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA which holds ordinary shares in the Company for multiple beneficial owners in one 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.
- (5) The Form of Proxy must be deposited at the Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
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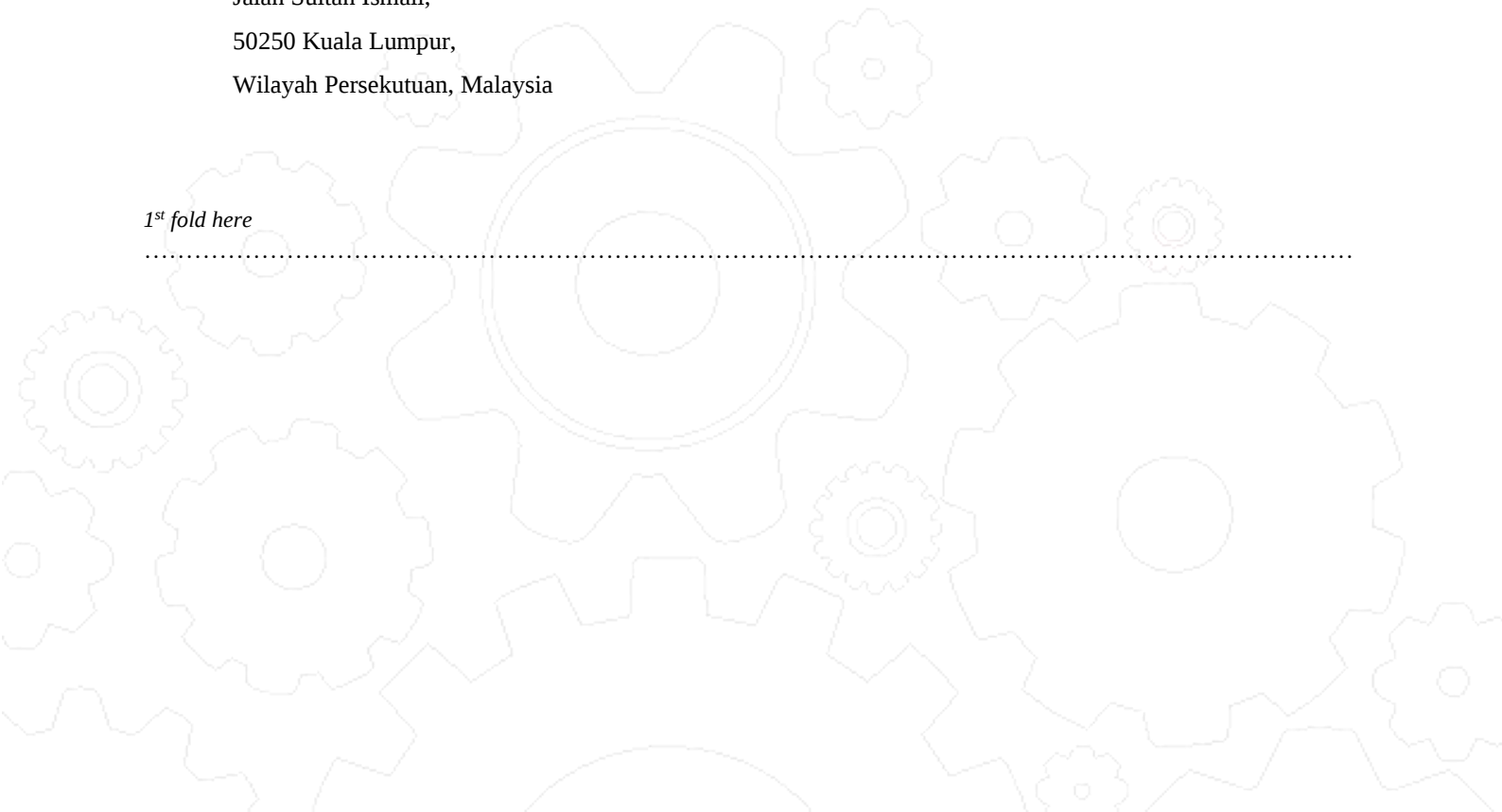
Fold this flap for sealing

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Affix Stamp

THE SHARE REGISTRAR, MEGA CORPORATE SERVICES SDN BHD
ARB BERHAD (FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD)
[Registration No. 199701033435 (448934-M)]
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

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REQUEST FORM FOR PRINTED COPY OF ARB BERHAD'S (FORMERLY KNOWN AS ATURMAJU RESOURCES BERHAD) ANNUAL REPORT 2019

To: ARB Berhad (Formerly known as Aturmaju Resources Berhad)
c/o Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

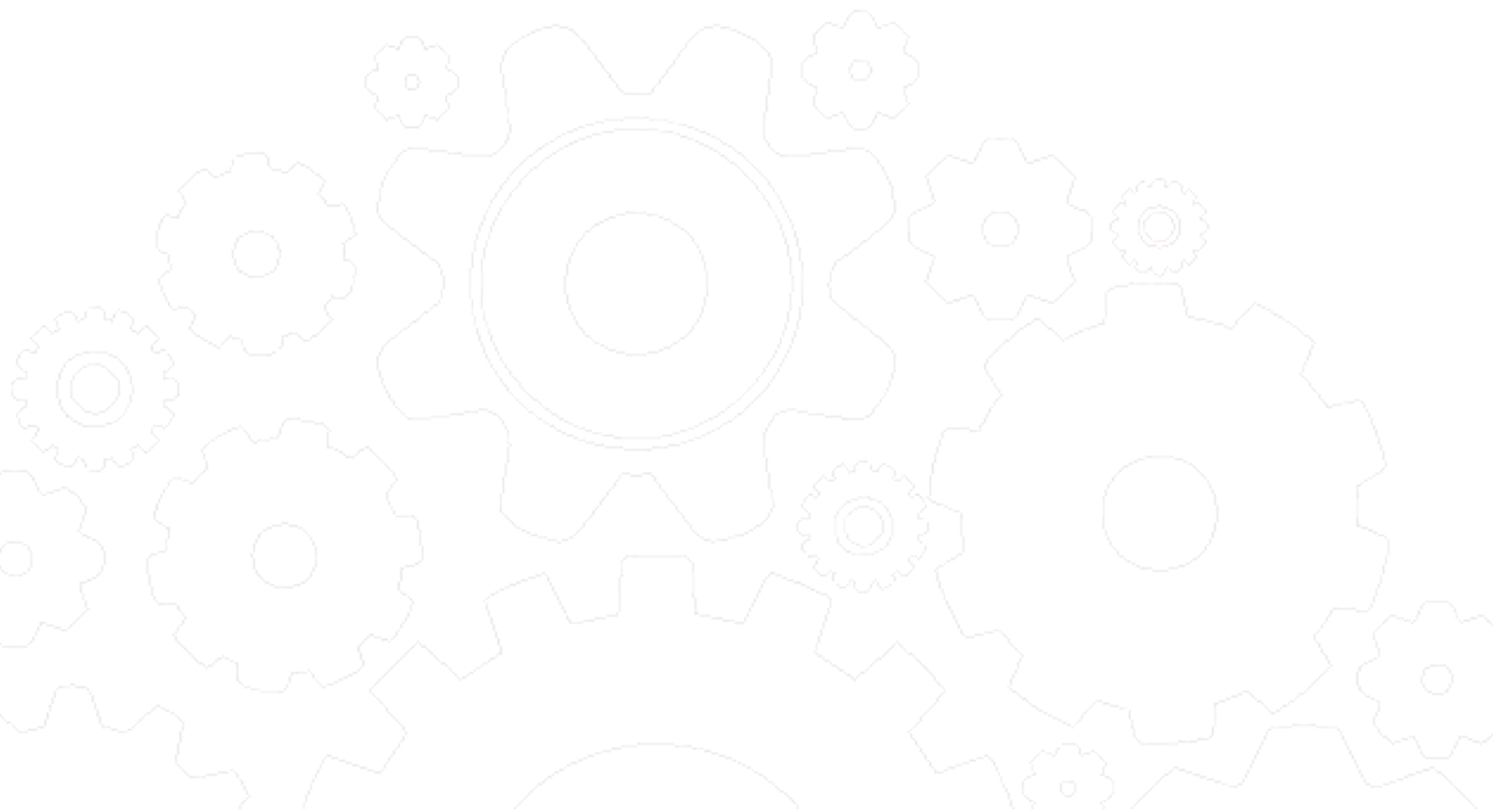
Please find below my complete particulars for the delivery of a printed copy of ARB's Annual Report 2019:

Particulars of Shareholder

Name:
Identity Card No./Passport No./Company No.:
CDS Account No.:
Mailing Address:
Telephone No.:
Date:

Signature of Shareholder:

Name:





TB 8285, Lot 20C

**Perdana Square Commercial Centre Mile 3 1/2,
Jalan Apas, 91000 Tawau, Sabah, Malaysia**



089-911026 / 089-913970



089-911304



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