YLI HOLDINGS BERHAD
Co. No. 367249-A

ANNUAL REPORT **2019**

DIVERSIFICATION **& EXPANSION**

OUR VISION

To be a pre-eminent group in providing products and services to the water industry, thus contributing effectively towards nation building.

OUR MISSION

By constantly enhancing our capabilities in manufacturing and services, we intend to be the leading player in the rapidly growing water and sewerage sectors within the Asian region. We will continue to look for opportunities to further enhance shareholders' value.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir

Managing Director
Dato' Hj Samsuri Bin Rahmat

Executive Directors
Tuan Haji Ali Sabri Bin Ahmad

Seah Heng Chin

Independent Non-Executive Directors
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin

Mohammad Khayat Bin Idris

Dr Abdul Latif Bin Shaikh Mohamed

BOARD COMMITTEES

Audit Committee

Dr Abdul Latif Bin Shaikh Mohamed
- *Chairman*
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Mohammad Khayat Bin Idris

Remuneration Committee

Mohammad Khayat Bin Idris – *Chairman*
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Dr Abdul Latif Bin Shaikh Mohamed

Nomination Committee

Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin - *Chairman*
Mohammad Khayat Bin Idris
Dr Abdul Latif Bin Shaikh Mohamed

REGISTERED OFFICE

45, Lorong Rahim Kajai 13
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia
Tel : 03 77222296
Fax : 03 77222057

COMPANY SECRETARY

Chew Siew Cheng
MAICSA 7019191

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad
3rd Floor, 2 Lebuh Pantai
10300 Penang
Malaysia
Tel : 04 2625333
Fax : 04 2622018

PRINCIPAL BANKERS

AmBank (M) Berhad
AmInvestment Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

The Main Market of
Bursa Malaysia Securities Berhad

Sector : Industrial Products & Services
Sub-sector : Metals
Stock Name : YLI
Stock Code : 7014

CORPORATE STRUCTURE

YLI HOLDINGS BERHAD
Co. No. 367249-A

- **100%** YEW LEAN FOUNDRY & CO. SDN. BHD.
  Co. No. 28131-K
  - **100%** ZENITH EASTERN (M) SDN. BHD.
    Co. No. 186299-T
- **100%** YEW LEAN INDUSTRIES SDN. BHD.
  Co. No. 271209-W
- **100%** LOGAM UTARA (M) SDN. BHD.
  Co. No. 170454-P
- **100%** YEW LI FOUNDRY & CO. SDN. BHD.
  Co. No. 50391-V
- **51%** LAKSANA WIBAWA SDN. BHD.
  Co. No. 399854-W
- **70%** HALUAN PRISMA SDN. BHD.
  Co. No. 376901-W
- **70%** MRPI PIPES SDN. BHD.
  Co. No. 40279-V

MANAGEMENT DISCUSSION & ANALYSIS

GENERAL DESCRIPTION OF THE GROUP

YLI Holdings Berhad ("YLI") is an investment holding company with several key subsidiaries involving in activities as tabulated below:

Yew Lean Foundry & Co. Sdn. Bhd. ("YLF")

YLF is a leading manufacturer of ductile iron pipes, fittings and other related products in Malaysia and the ASEAN region. Its pipes are manufactured according to BS EN standards and MS ISO standards for potable and sewerage applications. It is 100% owned by YLI Holdings Berhad.

Laksana Wibawa Sdn. Bhd. ("LW")

LW is primarily involved in the manufacturing of high quality steel pipes for water, sewerage and construction industries. By employing state-of-the-art pipe manufacturing technology from Germany, LW strives to become a significant mild steel pipe manufacturer in Malaysia as well as in South Asian Region. It is 51% owned by YLI Holdings Berhad.

MRPI Pipes Sdn. Bhd. ("MRPI")

MRPI is principally involved in the manufacturing and marketing of High Density Polyethylene ("HDPE") pipes and fittings. The pipes and fittings manufactured are in conformance with Malaysia and International Standards, primarily for potable and sewerage applications. It is 70% owned by YLI Holdings Berhad.

Haluan Prisma Sdn. Bhd. ("HPSB")

HPSB is a contractor registered with "A" Class and PKK Bumiputra status by Pusat Khidmat Kontraktor ("PKK") and under "G7" Grade by the Construction Industry Development Board ("CIDB"). It is 70% owned by YLI Holdings Berhad.

With the above four key subsidiaries, YLI Group aspires to become the one-stop solution to all water and sewerage piping needs of its customers. While YLF, LW and MRPI serve to fulfill pipe requirement of various base materials (i.e. Ductile Iron, Mild Steel and HDPE), HPSB could synergistically act as the contractor in a supply-and-lay contract whenever such services are required by the Group's customers.

Along with our vision to be a pre-eminent group in providing value-added services and products to the water and sewerage industry, we strive to contribute effectively towards nation building.

FINANCIAL REVIEW

Revenue

The Group revenue for the financial year ended 31 March 2019 ("FY2019") was RM113.000 million as compared to RM108.735 million achieved in previous financial year ("FY2018"). While sales from manufacturing and trading segment had decreased by about 2.82% (i.e. from RM99.601 million to RM96.789 million), the Group's construction business had recorded higher revenue (of RM16.211 million) as compared to previous year (of RM9.134 million), thus resulting in a marginal net increase of approximately 3.92% in Group revenue.

Gross Profit/(Loss)

A gross loss of RM11.052 million was recorded for FY2019 as compared to a gross profit of RM5.467 million for FY2018, despite the higher Group revenue in FY2019. The significant decline in the Group's gross margin was primarily due to a multitude of factors including higher cost of raw materials (such as hot rolled coils and scrap metal) as well as non-absorption of fixed overheads due to low production volume as a result of major machinery upgrades in the current financial year.

Other Income

Other income for FY2019 was RM2.697 million as compared to RM1.438 million registered in FY2018. The increase in other income for FY2019 was mainly due to the derecognition of a joint venture.

Administrative Expenses

Administrative expenses for FY2019 of RM12.182 million was lower as compared to RM14.054 million in FY2018, and the decrease was primarily due to goodwill written off of RM1.626 million in FY2018.

MANAGEMENT DISCUSSION & ANALYSIS

Share of Result of a Joint Venture

Share of result of a joint venture for FY2019 was a loss of RM0.008 million as compared to a loss of RM0.033 million in FY2018. Pinang Water Ltd, a 37% owned dormant associate company of YLI has on 7 March 2019 lodged the Return by Liquidator relating to Final Meeting with the Labuan Financial Services Authority and it will be resolved after the expiration of three months from the date of lodgment.

Loss After Tax & Total Comprehensive Loss

As a consequence of the reasons as given above, the Group recorded a loss after tax of RM21.742 million in FY2019 as compared to a loss after tax of RM12.192 million for FY2018. Coupled with a currency translation gain of RM0.005 million and reclassification adjustment of RM0.960 million for FY2019 (vis-à-vis a currency translation loss of RM0.014 million in FY2018), the total comprehensive loss for FY2019 amounted to RM22.697 million (vis-à-vis a total comprehensive loss of RM12.206 million for FY2018).

Equity Attributable to the Owners of the Company

The equity attributable to the owners of the Company (i.e. YLI Holdings Berhad) decreased from RM148.295 million as at the end of FY2018 to RM129.312 million as at the end of FY2019. The decrease was due to total comprehensive loss attributable to the owners of the company of RM18.983 million for FY2019 (vis-à-vis total comprehensive loss attributable to the owners of the company of RM8.673 million and the payment of dividend of RM0.514 million for FY2018).

Gearing and Liquidity

Total short-term and long-term borrowings of the Group (defined to include overdraft, finance lease payables, term loans and other bank borrowings, both long-term and short-term) as at the end of FY2019 amounted to RM43.643 million as compared to RM30.628 million as at the end of FY2018. Liquidity of the Group had remained at an adequate level as it recorded a cash and cash equivalents of RM12.044 million as at the end of FY2019 as compared to RM18.048 million as at the end of FY2018.

Capital Expenditure Requirement

A total of RM1.592 million was expended during FY2019 to fulfill capital expenditure requirement and the amount to be expended within the next financial year is expected to be within the usual range of RM2 million - RM4 million for the Group.

PROSPECTS

The Malaysian economy recorded a Gross Domestic Product ("GDP") growth rate of 4.7% in 2018, significantly lower than the 5.9% recorded in 2017. The industry outlook for the Group's business is expected to remain challenging moving forward, amidst the moderating GDP growth rate and challenging operating environment. The ongoing removal of government subsidies and the influx of China and India's iron and steel products in South East Asia following the relaxation of the Asean Free Trade Area ("AFTA") regime will likely continue to impact our bottom line.

Despite the above, the Board of Directors and the Management believe that the demand for the Group's products (i.e. pipe and fittings made of ductile iron, mild steel and high density polyethylene) will gradually improve over time as the Government's efforts in improving the water infrastructure and delivery are intensified to reduce the currently high rate of non-revenue water in order to avoid water shortages in the future.

In its attempt to preserve its position as the leading manufacturer and supplier of premium quality water and sewerage pipes and fittings in the ASEAN region, the Group will continue to focus its effort in cost containment. The Group will also seek to intensify its research and marketing initiatives to diversify its product range and widen its foothold beyond its traditional markets.

In order to mitigate the risk of specializing in very limited fields or industries, the Group would continue to scout for investment opportunities to further diversify the earnings base of the Group and enhance the returns to its shareholders.

DIVIDEND

The Board of directors does not recommend any dividend payment for the current financial year ended 31 March 2019.

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors is mindful of the importance of embedded sustainability within the YLI Group ("the Group") and recognises its responsibility not only towards maintaining a strategic operational growth, but also sustaining a positive impact on the natural environment and surrounding community within which the Group operates.

Our sustainability statement this year reflects the Group's performance in ensuring that necessary steps are initiated towards achieving our sustainability goals. With that objective in view, we will continue to pursue improvements over our practices and disclosures while we adopt a holistic approach in managing sustainability.

SUSTAINABILITY STATEMENT

SCOPE

This sustainability statement is prepared in accordance with Practice Note 9 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Sustainability Reporting Guide issued by the Exchange. This statement seeks to outline the sustainability approach adopted by the Group as well as detailed disclosures on our sustainability efforts for the financial year ended 31 March 2019.

In overall, our reporting boundary encompasses all key subsidiaries and cover practices and policies of the Group's main nature of business rather than every aspect of its operations. Furthermore, this statement does not include any outsourced activities or joint ventures as well as Economic, Environment and Social matters related to or caused by the Group's vendors, suppliers and business partners.

For an overall representation, this sustainability statement is to be read together with the Management Discussion and Analysis ("MDA") in this Annual Report, which reports both our financial and operational performance during the year.

GOVERNANCE STRUCTURE

The operation of the Group as a whole is under the leadership and supervision of the Group Managing Director ("Group MD"). The Group is made up of several key subsidiaries involving in the manufacturing and marketing of Ductile Iron ("DI"), Mild Steel ("MS") and High Density Polyethylene ("HDPE") pipes and fittings, as well as the construction business. Each individual subsidiary within the Group is under the leadership of the respective Board of Directors.

Besides the management team at individual subsidiaries, the Group has also established group functions (i.e. Operation, Corporate Services, Group Finance & Business Development and Sales & Marketing) which would provide supervision at Group level to ensure policies and procedures adopted at individual subsidiaries comply with the governance structure at the Group level.

In order to ensure sustainability practices are embedded within various functions of the Group, the Group strives to enforce its sustainability framework from the top management to the operational level from the economic, environmental and social perspectives. A Sustainability Working Group ("SWG") was established to identify material sustainability matters, formulating the related sustainability initiatives and practices and overseeing their implementation and performance. The SWG is headed by the Managing Director/Executive Director of each subsidiary and its members are represented by the head or a senior representative from each department. The respective head of SWG in each subsidiary reports to the Group MD who holds the overall responsibility to supervise and oversee the implementation of sustainability strategies set by the Board. This structure is to ensure that adequate consideration is placed by the SWG and proper assurance are attained from the Board, who is ultimately responsible for setting up our sustainability strategies.

STAKEHOLDER ENGAGEMENT

We believe the approach of stakeholder engagement is fundamental to the development of our sustainability strategy and its enforcement in the longer term. Our stakeholders yield influence on the way we conduct our business and formulate our strategies in meeting their expectations and to generate long term benefits for our stakeholders in terms of business sustainability and value creation.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (CONT'D)

For the purpose of defining our engagements, stakeholders are defined as individual, entity or group who are impacted by our business operations or presence and those who have vested interest alongside the potential to influence our practices.

During the financial year, the Group managed to develop an approach in gathering valuable and objective input from our stakeholders with the aid of our management team through an internal questionnaire exercise. From the approach, we managed to clearly identify our primary stakeholders and the existing means of engagement, as summarised in the table below:

Stakeholders	Means of Engagement	Frequency
Customer	• Meeting / Discussion • Contract negotiation • Customer service practice • Press release/Announcement • Corporate website	• Ad-Hoc • Ad-Hoc • Ongoing • Ad-Hoc • Ongoing
Government / Regulatory Body	• Meeting / Discussion • Contract negotiation • Customer service practice • Press release/Announcement • Corporate website	• Ad-Hoc • Ad-Hoc • Ongoing • Ad-Hoc • Ongoing
Employee	• Annual performance review • Meeting / Discussion • Grievances / Whistleblowing procedures • Dialogue session	• Annually • Ad-Hoc • Ongoing • Ad-Hoc
Supplier / Vendor	• Contract negotiation • Evaluation and performance review • Vendor registration • Meeting / Discussion	• Ad-Hoc • Bi-annually • Ad-Hoc • Ad-Hoc
Shareholder	• Annual general meeting • Annual report • Quarterly result announcement • Press release • Corporate website • Communication via Company Secretary	• Annually • Annually • Quarterly • Ad-Hoc • Ongoing • Ad-Hoc
Public / Local Community	• Press release / Announcement • Corporate website	• Ad-Hoc • Ongoing

MATERIALITY ASSESSMENT

For the purpose of our sustainability initiative, we take into consideration the Economic, Environment and Social impact that may result from the Group's business activities. From insights gathered through our exercise of stakeholder engagement, an assessment was carried out with the combination of our internal input, to identify and determine a list of material sustainability matters relevant to the Group.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT (CONT'D)

The compiled list was prioritised based on its level of importance to our stakeholders and its degree of impact to the Group, which resulted in the basis for the Group's sustainability strategies and focus for the year. Following which, the SWGs of each subsidiary were tasked to execute and monitor practices in managing the sustainability matters related to their respective companies. From our tabulation of sustainability matters identified, material sustainability matters for the Group are listed below:

Economic Perspective
- Sustainable Manufacturing Practices
- Ethical Conduct of Business

Environmental Perspective
- Environmental Conservation Initiatives
- Waste Management Practices

Social Perspective
- Health and Safety Initiatives
- Employee Welfare and Wellbeing

ECONOMIC

Sustainable Manufacturing Practices

The Group is committed to enhance efforts which contributes to the operational efficiency and productivity in the Group's manufacturing processes, in which all matters related to business operations focusing on operational efficiency and operational costs optimisation are spearheaded by the Senior Management. This standpoint was exemplified with initiatives carried out during the financial year on major upgrades of machinery and equipment within the Group's production line along with the enhancement of production procedures.

At present, the major machinery and equipment upgrading exercise, which is expected to incur approximately RM3 - 4 million, is still ongoing and is expected to complete in the end of 2019. Upon completion, the Group will be targeting to improve its operational efficiency and minimise production wastage in its Ductile Iron pipe manufacturing significantly which should translate into better pricing for our customers, lower production cost and improved profitability for our shareholders. This will eventually lead us to ensure that the high quality of our products is sustained while we contain the cost base in carrying out an efficient production process.

In addition to the abovementioned, our manufacturing practices are also supported by our internal structure of procurement, in which local supply chain is constantly considered and sustained under our fair and transparent procurement process. Towards this objective, the Group has in place a formal policy for procurement which serves to govern and regulate consistent controls for procurement across our organisation. This is in addition to the practice of a bi-annually evaluation on the performance of our suppliers / vendors engaged, in ensuring quality of goods / services received and compliance with relevant guidelines and regulations.

Presently, vendor performance assessments are carried out based on several key criteria such as quality of goods and services, timeliness of delivery and competitiveness of pricing. This practice is to ensure that our vendors are constructively assessed to determine their capability in sustaining a reliable support for our operations. On an overall basis, the results of supplier assessment during the financial year were satisfactory and produced an average scoring of 72% to 82% (out of maximum of 100%) for major suppliers to subsidiaries within the Group. Through the assessment, feedbacks were provided to suppliers in which improvements were necessary as well as those who were commended for their support in our growth.

On the other hand, our objective in focusing efforts to sourcing supplies locally, whenever feasible, had resulted in the Group sourcing all our scrap metals from local suppliers (i.e. 100%) that are within the strategic vicinity of the relevant subsidiary. This exercise has allowed the Group to ensure that its engagement with these suppliers resulted in low impact to the environment, i.e. in regards to the logistic / transportation requirement of such purchase, as well as to encourage a positive impact towards the local economy.

SUSTAINABILITY STATEMENT

ECONOMIC (CONT'D)

Ethical Conduct of Business

With the ongoing demand to meet requirements and expectations for compliance within our industry, the Group is constantly dedicated at carrying out our operations objectively and ethically. Overall, the Group is committed to observe and comply with all laws, regulations and voluntary codes which relates, but not limited to, the following:

- Manufacturing Practices
- Occupational Health and Safety
- Environment
- Labour Practices
- Information Database

In addition, certain subsidiaries of the Group producing DI and MS pipes and fittings are certified under ISO9001:2015 (Quality Management System) standard and adhering to the full requirements from SIRIM QAS International. As a measure of achieving organisational sustainability, self-assessments were carried out annually via internal audit conducted within the Group and external audit conducted by SIRIM QAS International Sdn Bhd and GH Certification Sdn Bhd respectively. By establishing such strong measures, there was no resulting audit issues which require corrective action during the current financial year in relation to the strict compliance of requirements under ISO9001:2015 standard.

Similarly, our compliance dedicated standpoint is also extended to achieving good governance in line with the guided practices of Bursa Malaysia's MMLR, Malaysia Code of Corporate Governance ("MCCG") and other related guidelines. For the Board of Directors of YLI Holdings Berhad, a Code of Ethics were adopted in relation to their ethical discharge of responsibilities. In ensuring its relevancy and effectiveness, the Code of Ethics is reviewed on an annual basis and amendments to the Code of Ethics are made whenever necessary.

By ensuring that our efforts are placed to uphold compliance, we are able to carry out our operations effectively and without interruptions, hence maintaining the sustainability standpoint of our business. Moreover, the Group strives to ensure ethical codes that the Group is subjected to are consistently met in order to warrant that our business will continue to deliver acceptable returns to all stakeholders.

ENVIRONMENT

Environmental Conservation Initiatives

While pursuing its goal of maximising shareholders' returns remains the overriding consideration of the Group as a commercial going concern, the Group spares no effort in ensuring consistent adoption and enforcement of environmental conscious practices. Measures carried out which are mandated / encouraged by the Department of Environment ("DOE") is to ensure that the Group's activities are in full compliance with applicable environmental laws and regulations and continues to operate in a manner that would not impact the sustainable nature of the environment negatively.

As a general guide, our environmental related approach is led by an Environmental Policy which was developed to define key environmental objectives for the relevant subsidiaries and served as a guideline in aligning and standardising our practices across the organisation. One of our key measures in line with the provisions under the Environmental Quality Act 1974 and prevailing guidelines is the establishment of Environmental Regulatory Compliance Monitoring Committee ("ERCMC") (for the overseeing of implementation and effectiveness of environmental policy alongside the formulation of supplementary guidelines) and Environmental Performance Monitoring Committee ("EPMC") (for the monitoring of operation, maintenance and performance of pollution control systems as well as waste reduction targets).

In addition, our production plants are also currently equipped with the necessary pollution control / treatment facility which are subjected to our ongoing upkeep and monitoring. Among the facilities maintained is our dust collectors which were installed throughout the production floor to filter and restrict the release of harmful pollutants generated from the production process. In addition to our regular service and maintenance practices, the Group also engaged a third-party vendor to perform a stack emission monitoring test for all its dust collectors during the year, with a conclusion that all targeted equipment were operating as intended and generating emissions within the regulated limit. As we progress forward, the Group will aim to continue and improve on these efforts in ensuring that all key environmental compliance are met as we cultivate a conservative culture within our organisation.

ENVIRONMENT (CONT'D)

Waste Management Practices

In line with the nature of our business, the management of our scheduled waste has been a key area of commitment by each subsidiary of the Group. Overall, the Group has in place proper scheduled waste storing and monitoring practices with the relevant reporting process via DOE's Electronic Scheduled Waste Information System ("ESWIS"), thus ensuring our dedicated compliance with the relevant environmental laws.

At present, we managed four types of scheduled wastes produced from our production process, namely spent lubricating oil, spent hydraulic oil, sludge of paint and waste of paint. These wastes are kept in covered containers, labelled and stored in designated area to safeguard from any potential spillage or leakage into the environment. Through our designated competent personnel, we rigorously monitor the quantity of our scheduled waste storage to within the allowable maximum capacity of 20 tonnes, upon which the necessary disposal process will be initiated. Each disposal is currently carried out through licensed contractors which had undergone prior assessment based on records available within the ESWIS system.

Additionally, the Group also has established a set of emergency response plan for handling waste related incident / accident, for example, on any occurrence of spillage, contamination or leakage. Hence, through our strict compliance with the relevant laws and regulations pertaining to waste management (i.e. the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Waste) Regulation 2005), there was no major waste management related incident / accident during the financial year ended 31 March 2019.

SOCIAL

Health and Safety Initiatives

The Group's priority towards maintaining a safe and healthy workplace is in line with the risk associated with the nature of our business. As such, we view intently at ensuring a hazard-free and healthy working environment for our employees and other stakeholders of the Group through the implementation of adequate control practices and precautionary facilities throughout our organisation.

In line with the requirements of existing laws and regulations relevant to our operations such as Occupational Safety and Health Act 1994, Environmental Quality Act, 1974 and Factories and Machinery Act 1967, measures had been undertaken to identify, evaluate and address any potential hazards or risks which may imperil the wellbeing of our employees or other stakeholders of the Group. Specifically, we had in place a Safety and Health Policy which stipulates the basic measures to guide our practices in maintaining health and safety.

A Health, Safety and Environment ("HSE") Committee is also established to oversee and administer practices and controls related to the maintenance of health, safety and environment element within the Group. Through provision of personal protection equipment such as mask, safety boots, safety helmet, gloves, ear plugs, goggles and etc. to employees and other stakeholders when required, the Group strived to minimise the rate of work-related accident / injury in the longer term. For the financial year ended 31 March 2019, the number of health and safety related incidents were kept to very low level, with details on accidents resulting in "medical leaves of 4 days or more" as follows:

Financial Year ended 31 March	2019	2018
Number of Incidents	8	2

With reference to the eight incidents in the current financial year, none of the incidents had resulted in severe bodily injury or fatal injury (i.e. permanent disablement or death). While protective equipment (i.e. mask, safety boots etc.) were provided to all workers with proper instructions on the usage of such equipment, there were lapses in workers' compliance which resulted in injuries, owing to non-compliance by the workers. Moving forward, the Management would step up its enforcement action to ensure better compliance by workers as well as advocate such practices through consistent trainings so that such incidents are minimized.

In addition, as part of the measures to ensure employees' health is constantly monitored, 167 employees of the Group had undergone employees' health surveillance program during the current financial year, with no incident of health-related concern being detected and redirected to the panel clinic of the Group for further action.

SUSTAINABILITY STATEMENT

SOCIAL (CONT'D)

Health and Safety Initiatives (Cont'd)

Furthermore, in ensuring that all our employees are provided with the best opportunities to enhance their knowledge and soft-skills in managing a safe and healthy working environment, the following health and safety related trainings were undertaken by the Group's employees during the financial year:

- Air Pollution Control System ("APCS") Operational Optimisation
- High Performance Scheduled Waste Management Towards Cost Savings
- Effective Air Pollution Emission Reduction and control
- Occupational Safety and Health Seminar (Lock Out Tag Out - LOTO)
- Psychological Effects - Stress and Emotionally Burnout
- Seminar on Self-Regulation in Air Pollution Control System Requirements 2018
- Safety & Health Conference 2019
- Noise Management & Effect
- First Aid & CPR

Employees Welfare and Wellbeing

In recognising the importance of the Group's employees as impetus to drive our business forward, the Group persistently undertakes the necessary measures in ensuring that the efforts of its employees are given due recognition and fairly treated in a diverse workplace with equal opportunity free from discrimination against gender, age or ethnicity.

One of our key efforts is to ensure our employees are provided with proper avenue to highlight any criticisms, doubts or feedbacks, in confidence and anonymously when required, for example, through our grievances or whistleblowing procedures. This also provides the group with an additional means to uncover and address issues that may be directed from current weaknesses or limitations within our operation that may have otherwise been overlooked.

Further, we practice an annual performance evaluation exercise which is structured for the Management to highlight constructive input in regards to an employee's performance as well as for employees to share any concerns or feedbacks to the Group, prior to initiating actions to address relevant issues, if necessary. During the current financial year, all employees of the Group had undergone performance evaluation, with 94 % of the employees given a performance grade of "satisfactory" and above. By combining this annual evaluation practice and our current grievance procedure, we aim to achieve an open-workplace culture which focuses on approachable and objective engagement platforms among the management and employees.

In furtherance to the abovementioned and through regular review of our employees' daily conduct and performance, a total of five reports were received on serious employee indiscipline (primarily on employee misconduct concerning professional negligence) and sixteen reports on attendance related issues (primarily on issues of lateness in reporting for duty and unauthorised absence by workers) during the financial year. Following completion of a proper investigation for each reported incident, counter measures were imposed by the Management, in the form of consultations, reprimands and other appropriate corrective actions on the relevant employees with a view to deter future occurrences and to improve operational efficiency.

On the other hand, the training / developmental needs of each employee are constantly evaluated and monitored by the respective heads of department and the Human Resource Department. Besides providing employees with such opportunities for their career and personal development, trainings are constantly provided based on the needs arising from changes in regulations, customer demands, product specifications etc. During the financial year, a total of 104 employees of the Group from its subsidiaries participated in a total of 19 trainings conducted inhouse as well as externally.

CONCLUSION

In this year's progress at implementing our sustainability reporting framework, the Group managed to reassess its practices and review its performance from the alternative key perspective of Economic, Environment and Social. As the Board recognises that embedding sustainability within the Group's business is a continuing and evolving process, the Board and the Management will strive to ascertain that our sustainability practices are in line with the required guidelines as provided by Bursa Malaysia. In order for us to expand our outreach on sustainability, material sustainability matters will be continuously reassessed or recalibrated, where necessary and with new initiatives being identified for action, if any.

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2019 RM'000	**2018 RM'000**	**2017 RM'000**	**2016 RM'000**	**2015 RM'000**
Revenue	**113,000**	108,735	106,649	128,235	124,441
(Loss)/Profit Before Taxation	**(25,939)**	(12,213)	3,613	(3,951)	(1,251)
(Loss)/Profit After Taxation Attributed to Shareholders	**(18,028)**	(8,659)	5,180	(2,031)	(553)
Shareholders' Funds	**129,312**	148,295	157,482	153,326	154,923
Total Assets Employed	**208,765**	232,299	240,587	220,280	248,896
(Loss)/Profit After Taxation as a Percentage of Shareholders' Funds (%)	**(13.9)**	(5.8)	3.3	(1.3)	(0.4)
Basic/Diluted (Loss)/Earnings Per Share (sen)	**(17.53)**	(8.42)	5.07	(2.00)	(0.56)
Net Assets Per Share (RM)	**1.26**	1.44	1.53	1.51	1.53
No. of Shares in Issue (Net of Treasury Shares)	**102,830**	102,830	102,830	101,340	101,340

OUR PERFORMANCE

			2019 RM'000	**2018 RM'000**	**% CHANGE**
INCOME STATEMENT	Revenue		**113,000**	108,735	3.9
	Loss Before Taxation		**(25,939)**	(12,213)	112.4
	Loss After Taxation Attributed to Shareholders		**(18,028)**	(8,659)	108.2
BALANCE SHEET	Shareholders' Funds		**129,312**	148,295	(12.8)
	Total Assets Employed		**208,765**	232,299	(10.1)
RATIOS	Current Ratio	times	**1.56**	1.88	(17.0)
	Return on Equity	%	**(13.94)**	(5.84)	138.7
	Return on Total Assets	%	**(8.64)**	(3.72)	132.3
	Financial Leverage Ratio	times	**0.34**	0.21	61.9
	Basic/Diluted Loss Per Share	sen	**(17.53)**	(8.42)	108.2
	Net Tangible Asset Per Share	RM	**1.26**	1.44	(12.5)
	31 March Closing Price	RM	**0.280**	0.300	(6.7)

PROFILE OF DIRECTORS

TAN SRI SYED MOHD YUSOF TUN SYED NASIR

Malaysian, male, aged 71
Independent Non-Executive Chairman

Tan Sri Syed Mohd Yusof Tun Syed Nasir is the Chairman of YLI Holdings Berhad. He was appointed to the Board of the Company on 15 August 2007.

Tan Sri Syed Mohd Yusof graduated with a Bachelor of Economics Degree majoring in Accountancy, from the University of Tasmania, Australia. He started his career with Petronas rising through the ranks, becoming Head of Northern Region before leaving Petronas to venture into business. In the private sector, he has held various posts including the Chairmanship of Southern Bank Berhad and Killinghall (Malaysia) Bhd. He was also a Director of Southern Finance Berhad and AM Trustee Berhad. Currently he sits on the Board of Titijaya Land Berhad and several private limited companies.

Saved as disclosed above, he does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

PROFILE OF DIRECTORS

DATO' HJ. SAMSURI RAHMAT

Malaysian, male, aged 64
Managing Director
Non-Independent Executive Director

Dato' Hj. Samsuri Rahmat was appointed as the Managing Director on 9 June 2008. He was formerly the Chief Operating Officer of the Company. He graduated with a Bachelor of Science (Honors) degree in Environmental Studies from University Putra Malaysia in 1980. He also holds a Master of Arts degree in Economics from Western Michigan University, the United States of America.

He has held various key positions in the Ministry of Science, Technology and Environment, Ministry of International Trade and Industry, Ministry of National and Rural Development, Socio-Economic Research Unit and Economic Planning Unit (both under the Prime Minister's Department) for sixteen years before joining the private sector in 1996. Prior to joining the Company, he was the Executive Vice Chairman and also Executive Director of TRIplc Berhad.

As the Managing Director, he is mainly responsible for the Group's strategic direction as well as its business and corporate development. He also sits on the Board of various subsidiaries of the YLI Group.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

PROFILE OF DIRECTORS

TUAN HAJI ALI SABRI AHMAD

Malaysian, male, aged 62
Non-Independent Executive Director

Tuan Haji Ali Sabri Ahmad was appointed as Executive Director on 9 June 2008. He graduated with a Diploma in Civil Engineering from Institut Teknologi Mara in 1980. He also holds a Bachelor of Science degree in Civil Engineering from the University of Glasgow, Scotland in 1986.

He has over twenty years of working experience in major construction projects ranging from civil infrastructure, building works, hospital, road works, elevated viaduct, hotel, residential and commercial developments. He has held various key positions in organizations involved in major construction and project management in Malaysia as well as abroad. Prior to joining the Company, he was the construction manager in Kumpulan Ikhtisas Projek (M) Sdn. Bhd. He also sits on the Board of various subsidiaries of the YLI Group.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

MR SEAH HENG CHIN

Malaysian, male, aged 45
Non-Independent Executive Director

Mr Seah Heng Chin was appointed as Executive Director on 14 November 2014. He graduated with a Bachelor of Art (Hons) Business Administration from Coventry University in 1997. He is a FCCA member and member of MIA. He also holds a Master's degree in Business Administration from Strathclyde University, Scotland.

He has over twenty years of working experience in both accounting and audit related field for various industries. Prior to his appointment as Executive Director, he was holding the post of Financial Controller since June 2008 in Yew Lean Foundry & Co. Sdn. Bhd., a wholly owned subsidiary of YLI Holdings Berhad. He also sits on the Board of Laksana Wibawa Sdn. Bhd., a 51% owned subsidiary of the YLI Holdings Berhad.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

PROFILE OF DIRECTORS

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE LAIDIN
Malaysian, male, aged 76
Independent Non-Executive Director

Tan Sri Academician Ir (Dr) Ahmad Zaidee Laidin was appointed to the Board on 24 February 2009. He is the Chairman of the Nomination Committee and a member of Audit Committee and Remuneration Committee of YLI Holdings Berhad.

He holds a Master of Science in Technological Economies (Management & Industrial Science), University of Stirling and is a registered Professional Engineer with the Board of Engineers Malaysia.

He is an Honorary Fellow of the Institution of Engineers, Malaysia, as well as Academy of Sciences Malaysia and is currently serving in the councils of both bodies. He was elected as a Senior Fellow of the Academy that entitled him to be called Academician.

From the United Kingdom, he was awarded the Degree of Doctor of the University by University of Stirling, the Honorary Degree of Doctor of Technology by Oxford Brookes University, and the Honorary Doctor of Letters by the Manchester Metropolitan University as well as Honorary Professor of Napier University, United Kingdom. From Malaysia, he received the Honorary Doctorate in Electrical Engineering given by Universiti Teknologi MARA and an Honorary Doctorate from Universiti Teknikal Malaysia Melaka.

He is the Past President of the Federation of Engineering Institutions of Southeast Asia and the Pacific ("FEISEAP") and a Past President of Institution of Engineers, Malaysia (IEM) as well as the Honorary Fellow of the ASEAN Federation of Engineering Organizations.

He is currently a Board member of Syarikat Mengurus Air Banjir & Terowong Sdn Bhd ("SMART") and Universiti Tenaga Nasional Sdn Bhd and is Chairman of ERINCO Sdn. Bhd. In 2015 he was appointed by the Government to be President of Malaysia Board of Technologists.

Academically, he is a member of the International Academic Advisory Committee to Universiti Teknologi Petronas, the current Secretary General of the Academy of Sciences Malaysia and a Senior Advisor of Open University Malaysia.

Saved as disclosed above, he does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

PROFILE OF DIRECTORS

ENCIK MOHAMMAD KHAYAT IDRIS

Malaysian, male, aged 66
Independent Non-Executive Director

Encik Mohammad Khayat Idris was appointed to the Board on 9 June 2008. He is the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee of YLI Holdings Berhad.

He graduated with a Bachelor of Engineering (Honors) degree from Universiti Teknologi Malaysia in 1977. He also holds a Master of Science degree in electrical power engineering from University of Strathclyde, United Kingdom.

He has over twenty five years of illustrious working experience in the academic profession. He joined Institut Teknologi Mara as a lecturer in Electrical Engineering Power in 1977 and had since held key positions within the organization. Prior to his appointment as a Director of YLI Holdings Berhad, he was the Deputy Director of Development in UiTM.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

DR ABDUL LATIF SHAIKH MOHAMED

Malaysian, male, aged 59
Independent Non-Executive Director

Dr Abdul Latif Shaikh Mohamed was appointed to the Board on 20 November 2017. He is the Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee of YLI Holdings Berhad.

He graduated with a Bachelor of Accounting (Honours) degree from Universiti Kebangsaan Malaysia in 1985, obtained his Master of Accountancy from Glasgow University, Scotland in 1987 and his Doctor of Philosophy majoring in financial reporting from University of Manchester, England in 1995.

He started his career as an academia from 1985 until late 1999. From 1999 to early 2007, he ran a private consulting company.

From 2001 to 2007, Dr Abdul Latif held position as an Independent Director in two public listed companies (U-Wood Holdings Berhad and WWE Holdings Bhd) that were involved in property development and design & build of sewage treatment plant. In March 2007, he was redesignated to Executive Director in WWE Holdings Bhd and was subsequently made the Chairman and Managing Director in 2010. He was primarily responsible for the management and operations of WWE Holdings Bhd before his retirement in 2015.

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all four Board Meetings for the financial year ended 31 March 2019.

KEY SENIOR MANAGEMENT

HAJI RUZLAN BIN HAJI RAHMAT
Malaysian, male, aged 59
Managing Director, MRPI Pipes Sdn. Bhd.

Haji Ruzlan bin Haji Rahmat is the Managing Director of MRPI Pipes Sdn. Bhd., a 70% owned subsidiary of YLI Holdings Berhad. He is also the Group Head of Sales and Marketing function. He graduated with a Bachelor of Science (Building) from Herriot Watt University, Edinburg in 1985.

He started his carrier in 1985 as a civil engineer and had accumulated vast experience in many construction companies. In 1990, he joined Polyolefins Pipes Sdn. Bhd. as a sales executive. Through his 18 years in Polyolefins Pipes Sdn. Bhd., he had held various important posts covering sales, marketing and production, and he was subsequently promoted to the position of General Manager from 1998 to 2008. He joined MRPI Pipes Sdn. Bhd. (formerly known as Musa & Rahman Plastic Industries Sdn Bhd) as General Manager in 2008, and he was subsequently promoted to the position of Managing Director on 1 March 2009.

He does not hold any directorship in any public companies and listed issuers. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year.

FINANCIAL CALENDAR

FINANCIAL YEAR END	31 March 2019	
ANNUAL GENERAL MEETING	28 August 2019	
ANNOUNCEMENT OF RESULTS	**First Quarter**	30 August 2018
	Second Quarter	30 November 2018
	Third Quarter	27 February 2019
	Fourth Quarter	30 May 2019
ANNUAL REPORT	**Date of Issuance**	29 July 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE ("MCCG")

The Board of Directors of YLI Holdings Berhad ("YLI") wishes to present this statement to its shareholders and stakeholders with an overview of YLI's application of the Malaysian Code on Corporate Governance ("MCCG") practices for the financial year ended 31 March 2019.

The meaningful explanation of how the Company applied each of the MCCG's practices including its explanations and alternative practices for any departure of the MCCG practices are described in detail in the Corporate Governance ("CG") Report, which is published at our corporate website at www.yli.com.my.

The Board of YLI recognises the importance of adopting good corporate governance in its efforts to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

As such, the Board fully supports all the 32 practices as set out in the MCCG, by applying the best corporate governance standard through the company's structures, systems, processes and development of a corporate governance culture and environment, and by implementing almost all of the practices in substance to achieve the intended outcomes of building and supporting a strong corporate governance culture throughout the company.

In line with this commitment, the Board has continuously reviewed and where appropriate, taken the necessary steps to implement all the practices of the MCCG and to provide a fair and meaningful disclosure on the company's corporate governance practices.

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

Principle A - Board Leadership and Effectiveness

The Board Charter has been revised to align with the spirit and the intended outcome of the MCCG, in the following areas:

i. Separation of positions of Chairman and Managing Director;
ii. Responsibilities of the Chairman;
iii. Board composition to have at least half of Independent and Non-Executive Directors ("INED");
iv. Duties and responsibilities of Board, Board Committees, Managing Director, Senior Independent Director and Company Secretaries; and
v. Board Meeting Administration.

The revised Board Charter is available in our corporate website at www.yli.com.my.

The current composition of the Board comprises seven (7) directors, of whom four (4) are Independent Non-Executive Directors and three (3) Executive Directors. The current Board composition complies with the best practice of having at least half of the Board comprising independent Directors.

During the financial year ended 31 March 2019, four (4) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		May '18	Aug '18	Nov '18	Feb '19	
	Directors	Position	Attendance				Total
1	Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	Non-Executive Chairman	•	•	•	•	4/4
2	Dato' Hj Samsuri bin Rahmat	Managing Director	•	•	•	•	4/4
3	Tuan Haji Ali Sabri bin Ahmad	Executive Director	•	•	•	•	4/4
4	Seah Heng Chin	Executive Director	•	•	•	•	4/4
5	Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Director	•	•	•	•	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CONT'D)

Principle A - Board Leadership and Effectiveness (Cont'd)

During the financial year ended 31 March 2019, four (4) Board Meetings were held. The attendance record of each Director is as follows:- (cont'd)

	Board of Directors' Meeting		May '18	Aug '18	Nov '18	Feb '19	
	Directors	Position	Attendance				Total
6	Mohammad Khayat bin Idris	Director	•	•	•	•	4/4
7	Dr Abdul Latif bin Shaikh Mohamed	Director	•	•	•	•	4/4

As required under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), all the Directors had attended the Directors' Mandatory Accreditation Programme ("MAP"). The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 March 2019, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Directors	Types of training	Duration
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir Dato' Hj Samsuri bin Rahmat Tuan Haji Ali Sabri bin Ahmad Seah Heng Chin Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin Mohammad Khayat bin Idris Dr Abdul Latif bin Shaikh Mohamed	Roles and Responsibilities of Directors in relation to Financial Statements	2 hours

The Board through the Nomination Committee periodically reviews its required mix of skills and experience and other qualities, including core competencies that Non-Executive Directors should bring to the Board. The Nomination Committee will carry out its duties and responsibilities as set out in its Terms of Reference which can be viewed on the Company's website. The Nomination Committee will convene its meeting at least once a year and they may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. Through its Chairman, the Nomination Committee reports to the Board on matters discussed at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the Nomination Committee.

In accordance with the Company's Constitution, an election of Directors shall take place each year. All Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next Annual General Meeting and shall be eligible for re-election.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. The Nomination Committee assessed and was satisfied and made recommendations to the Board for their re-election with regards to the re-election of the two (2) directors, namely Tan Sri Syed Mohd Yusof bin Tun Syed Nasir and Dato' Hj Samsuri bin Rahmat who are due for retirement but shall be eligible for re-election at the forthcoming AGM to be held on 28 August 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CONT'D)

Principle A - Board Leadership and Effectiveness (Cont'd)

During the financial year ended 31 March 2019, the Nomination Committee held two (2) meetings and carried out the following activities in the discharge of its functions and duties:-

(1) Assessed the Board and Board Committees and contributions of each Director.
(2) Reviewed the structure, size, balance, composition and effectiveness of the Board and Committees.
(3) Reviewed and recommended to the Board for re-election of the Directors who retired under the Articles of Association.
(4) Assessed the independence of independent directors.
(5) Reviewed the terms of office and performance of the Audit Committee and each of its members.
(6) Reviewed the Terms of Reference of Nomination Committee.

At present, the Company adopts a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity standpoint. In summary, the Board is supportive in upholding gender diversity within the boardroom and the management alongside due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates. Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

The Gender Diversity Policy, the Code of Conduct for Directors and whistleblowing policy have been established and published on the Company's website www.yli.com.my.

The Board had justified and seek shareholders' approval at the forthcoming Annual General Meeting of the Company to retain its independent directors who have served on the Board for a cumulative term of more than nine (9) years. At present, none of the Independent Directors has exceeded the twelve (12) years tenure.

The Remuneration Committee recommends to the Board for approval the remuneration package of Directors. The remuneration system takes into account individual performance, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors.

To enable stakeholders to assess whether the remuneration of Directors commensurate with their individual performance, the detailed disclosure on named basis for the remuneration of Directors is disclosed below:-

	Director's Fee (RM)	Salary and Other Emoluments (RM)	Contribution to Defined Contribution Plans (RM)	Benefit-in-Kind (RM)
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	6,000	388,000	-	132,200
Dato' Hj Samsuri bin Rahmat	42,000	829,731	124,460	68,950
Tuan Haji Ali Sabri bin Ahmad	42,000	423,920	62,298	53,950
Seah Heng Chin	17,000	369,500	54,645	37,400
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	6,000	31,000	-	20,000
Mohammad Khayat bin Idris	6,000	32,000	-	20,000
Dr Abdul Latif bin Shaikh Mohamed	6,000	37,000	-	27,233
Tuan Haji Ab Gani bin Haron (resigned on 30 August 2017)	-	-	-	8,329
Total	125,000	2,111,151	241,403	368,062

However, the Board departed from Practice 7.2 by only disclosing the top five Senior Management's remuneration in bands of RM50,000 and without named basis. The Board chooses a more general alternative disclosure of the Senior Management's remuneration in order to allay valid concerns on invasion of staff confidentiality and the Company's ability to retain right talented Senior Management in view of the competitive employment environment of the Group's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CONT'D)

Principle A - Board Leadership and Effectiveness (Cont'd)

For the financial year, the Company only has 4 top Senior Management and hence, their remuneration in bands of RM50,000 are disclosed as follows:-

Top 4 Senior Management	Number of Senior Management
RM50,000 - RM100,000	1
RM200,000 - RM250,000	2
RM300,000 - RM350,000	1

Principle B - Effective Audit and Risk Management

YLI has an effective and independent Audit Committee as the Chairman of the Audit Committee is not the Chairman of the Board, all members of the Audit Committee are Independent Non-Executive Directors and all members are financially literate and possess a wide range of necessary skills to discharge their duties. The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The Audit Committee has assessed the suitability, objectivity and independence of the External Auditors.

The Terms of Reference of the Audit Committee has also been revised to take cognisance of the new MCCG practices and is published in our corporate website at www.yli.com.my.

The Board has established an effective risk management and internal control framework to safeguard the Group's business interests from risk events that may impede the achievement of its business strategies and growth opportunities besides providing reasonable assurance to all stakeholders that internal controls are effective.

The Group's internal audit function ("IAF") is outsourced to a professional accounting and consulting firm, BDO Governance Advisory Sdn. Bhd. ("BDO") that adopts internal audit standards and best practices based on the International Professional Practices Framework ("IPPF") endorsed by the Institute of Internal Auditors Malaysia. The IAF team is headed by an Executive Director - Advisory who is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants and is assisted by three (3) staff which includes a manager.

BDO is sufficiently resourced to provide the services that meet with the Group's required service level in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems. All personnel deployed by BDO are free from any relationships or conflicts of interest, which could impair their objectivity and independence during their course of work. The Internal Auditors report directly to the Chairman of the Audit Committee.

Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

YLI always keeps shareholders informed by announcements and time release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

YLI had issued the Notice of its 23rd Annual General Meeting ("AGM") and Annual Report to the shareholders more than 28 days before the AGM and all Directors had attended the AGM to provide opportunities for shareholders to effectively engage each Director. The External Auditors also presented to provide their professional and independent clarification on issues and concerns raised by the shareholders.

COMPLIANCE WITH THE MCCG

The Board is of the opinion that the Group had complied with the spirit and objectives of the MCCG. Although, there are departures from several practices as recommended in the MCCG, the Board believes that there are justifiable reasons for the departures and that the overall corporate governance of the Group is not compromised. Nevertheless, YLI will continue to strengthen its governance practices to safeguard the best interest of its shareholders and other stakeholders.

This Corporate Governance Overview Statement was approved by the Board on 29 May 2019.

ADDITIONAL COMPLIANCE INFORMATION

During the financial year:

a) **Utilisation of proceeds from corporate proposals**
No proceeds were raised by the Company from any corporate proposal.

b) **Material contracts**
There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests.

c) **Recurrent Related Party Transactions of Revenue Nature ("RRPT")**
The Company did not enter into any RRPT.

d) **Conviction for offences**
None of the Directors has been convicted for offences within the past five (5) years other than traffic offences.

e) **Audit and Non-Audit Fees**
The amount of audit fee and non-audit fee paid or payable to the External Auditors by the Company and the Group for the financial year ended 31 March 2019 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	147,500	51,000
Non-Audit Fees	7,580	5,000

The non-audit fees were in respect of the review of the Statement of Risk Management and Internal Control as well as tax services.

AUDIT COMMITTEE REPORT

Chairman

Dr Abdul Latif bin Shaikh Mohamed
Independent Non-Executive Director

Members

Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin
Independent Non-Executive Director

Encik Mohammad Khayat bin Idris
Independent Non-Executive Director

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee can be viewed in the Board Charter in the Company's website at www.yli.com.my

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

For the financial year ended 31 March 2019, four (4) Audit Committee meetings were held.

The attendance of each member is set out below:

Committee Members	Position	May '18	Aug '18	Nov '18	Feb '19	Total
		Attendance				
Dr Abdul Latif bin Shaikh Mohamed	Chairman	•	•	•	•	4/4
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Member	•	•	•	•	4/4
Mohammad Khayat bin Idris	Member	•	•	•	•	4/4

Total number of meetings held: 4

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") in discharging their duties and functions in accordance with their Terms of Reference had carried out their works during the financial year ended 31 March 2019 as follows:-

1. The AC had ensured that the quarterly results of YLI Group complied with the Malaysian Financial Reporting Standard ("MFRS") and paragraph 9.22 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") . The quarterly financial results for the 4th quarter ended 31 March 2018, 1st quarter ended 30 June 2018, 2nd quarter ended 30 September 2018 and 3rd quarter ended 31 December 2018 were reviewed by the AC at their meetings held on 30 May 2018, 29 August 2018, 29 November 2018 and 27 February 2019.

2. At the AC Meeting held on 30 May 2018, the AC discussed with the External Auditors their Audit Review Memorandum. The AC also reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report and recommended to the Board for approval and for inclusion in the 2018 Annual Report. The AC also approved the Internal Audit Plan for 2019. The AC also recommended the external auditors to be re-appointed at the annual general meeting of the Company to be held in 2018. The AC also reviewed the Terms of Reference of the AC.

3. The AC held two special meetings with the external auditors without the presence of management on 30 May 2018 and 29 November 2018 to discuss any significant issues or unusual items which had arisen in their audit.

4. At each quarterly meeting, the AC discussed whether there were any related party transactions and conflicts of interest situation that may arise within the Group and asserted that there were no related party transactions for the financial year ended 31 March 2019.

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS OF THE AUDIT COMMITTEE (CONT'D)

5. At the AC meeting held on 29 November 2018, the AC reviewed and approved the External Audit Plan for the financial year ended 31 March 2019 and were briefed by the external auditors on the risk assessment and audit approach.

6. At the AC meeting held on 27 February 2019, the AC reviewed and approved the Internal Audit Plan for financial year 2020. The AC also reviewed and agreed the adequacy of the scope, functions, competency and resources of the Internal Auditors were satisfactory and that their appointment be maintained. The AC also reviewed the revised Terms of Reference of the AC and recommended to the Board for approval.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function ("IAF") has been outsourced since June 2008. The total costs incurred for internal audit amounted to RM56,860 for the year ended 31 March 2019.

The Group's internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the AC for its review and approval and selected ad-hoc audits on management's requests. The Internal Auditor adopted risk based approach and focuses on financial, operational, compliance with applicable laws and assesses the adequacy of internal controls as well as the effectiveness of risk management framework for key operating companies within the Group. The representative of the internal auditor reports directly to the AC and assists the AC to monitor and manage risks and provide the AC with independent views on the effectiveness of the system of internal control after their reviews. The internal audit findings and recommendations of the internal auditor are reviewed quarterly by the AC and their recommendations for improvements on control and minutes of AC meetings are circulated to the Board.

The Internal Auditors carried out their duties during the financial year ended 31 March 2019 in accordance with their Internal Audit Plan and a summary of their activities are as follows:-

(a) On 30 May 2018, the Internal Auditor presented to the AC their report on Sustainability Statement that was prepared in line with Practice 9 of the Main Market Listing Requirements.

(b) On 29 August 2018, the Internal Auditor presented to the AC their report on Internal Control Review Report on MRPI Pipes Sdn. Bhd. ("MRPI") - Conversion and Production. They also informed the AC that all previous audit findings had been followed-up and implemented accordingly except for two findings which are still under progress.

(c) On 29 November 2018, the Internal Auditor briefed the AC on the findings in respect of their scope of review on the particulars contained in the Group's Financial Statements for the period ended 31 March 2018 for Recurrent Related Party Transaction ("RRPT") which are in accordance with Paragraph 10.09(1) of the Listing Requirements.

(d) On 26 February 2018, the Internal Auditor presented to the AC the Internal Control Review Report on the Treasury Management of Haluan Prisma Sdn. Bhd. ("HPSB").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2017 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

Guided by the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, the Board of Director of YLI Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of risk management and internal control for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of risk management and internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of this statement. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the said Guidance in respect of risk management and internal control.

RISK MANAGEMENT

The Board and the management practice proactive significant risks identification in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a tolerance level acceptable by the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional accounting and consulting firm, BDO Governance Advisory Sdn. Bhd. as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out as per the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place. The audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement. The highlighted areas will be followed up closely to determine the extent of their recommendations that have been implemented by the management.

The Group's risk management and internal control system covered key operating companies within the Group but does not apply to its associated company, Pinang Water Ltd. as the Group does not exercise day to day absolute control over this entity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to review and improvement when needed;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary; and
- Regular visits to operating units by members of the Board and senior management.

WHISTLE BLOWING POLICY

A Whistle Blowing Policy for the Group has been adopted effective 23 February 2012. The policy is built into the Group's culture, abhorrence for fraud, and aims to provide broad principles and strategy for the Group to adopt in relation to fraud in order to promote high standard of integrity. It also promotes a transparent and open environment for fraud reporting within the Group. The Policy reaffirms the Board's commitment to safeguard those who report in good faith against any form of reprisal.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review engagement was performed pursuant to the scope set out in Audit and Assurance Practice Guide 3 Guidance for Auditors on Engagement to Report on Statement on Risk Management and Internal Control issued by the Malaysia Institute of Accountants.

Based on their limited assurance engagement, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that this statement is not prepared in all material aspects, in accordance with disclosure required by Paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidance for Directors of listed Issuers, nor is the statement factually inaccurate.

CONCLUSION

The Board has received assurance from Group Managing Director and Executive Director - Group Finance and Business Development that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to date of this statement. Taking this assurance into consideration, the Board is of the view that there were no significant weaknesses in the current systems of risk management and internal control of the Group that may have material impact on the operations of the Group for the financial year ended 31 March 2019. The Board and the Management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and risk management.

This statement is issued in accordance with a resolution of the Directors dated 29 May 2019.

DIRECTORS' RESPONSIBILITY STATEMENT
IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

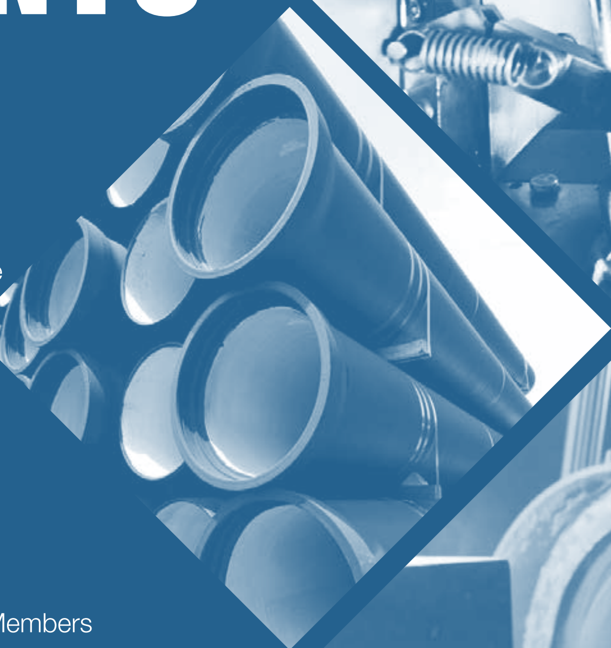
The Directors are required by the Companies Act 2016 ("CA") to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the CA in Malaysia. The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates where applicable that are prudent, just and reasonable; and
- prepared the financial statements on a going concern basis.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products, construction work and project management for waterworks and sewerage industry. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	**(21,742)**	**(5,617)**
Attributable to:		
Owners of the Company	**(18,028)**	**(5,617)**
Non-controlling interests	**(3,714)**	**-**
	(21,742)	**(5,617)**

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous 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.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group and of the Company 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 their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 22 to the financial statements; 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 affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issuance of shares or debentures was made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There were no treasury shares purchased or sold during the financial year. The number of treasury shares held at the end of the financial year was 121,000 (2018: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2018: RM107,620).

As at 31 March 2019, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2018: 102,829,873) shares.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Syed Mohd Yusof bin Tun Syed Nasir
Dato' Hj. Samsuri bin Rahmat *
Tuan Haji Ali Sabri bin Ahmad *
Mohammad Khayat bin Idris
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin
Seah Heng Chin *
Dr Abdul Latif bin Shaikh Mohamed

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT

DIRECTORS (CONT'D)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Haji Ruzlan bin Rahmat	
Aidil bin Abdul Aziz	
Zainuddin bin Othman	
Mohamad Damahuri bin Mohamad Tahir	(Resigned on 9 July 2018)
Khor Song Sim	(Resigned on 31 January 2019)
Radin Muhd Nur Amri bin Radin Abd Khalim	(Appointed on 6 July 2018)
Hong Gaik Im	(Appointed on 31 January 2019)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES			
	AT 1 APRIL 2018 '000	BOUGHT '000	SOLD '000	AT 31 MARCH 2019 '000
Deemed Interest				
Dato' Hj. Samsuri bin Rahmat *	32,510	-	-	**32,510**
Tuan Haji Ali Sabri bin Ahmad *	32,510	-	-	**32,510**

* Deemed interest in YLI Holdings Berhad ("YLI") by virtue of their substantial shareholding in Sausana Karisma Sdn. Bhd.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable by the directors as disclosed in directors' remuneration and Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SUBSIDIARIES

The details of the Group's and of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

DIRECTORS' REPORT

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN SRI SYED MOHD YUSOF
BIN TUN SYED NASIR
Director

DATO' HJ. SAMSURI BIN RAHMAT
Director

Date: : 22 July 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2019

	NOTE	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**75,809**	80,932	**-**	-
Investment in subsidiaries	6	**-**	-	**69,108**	74,740
Investment in a joint venture	7	**-**	83	**-**	-
Total non-current assets		**75,809**	81,015	**69,108**	74,740
Current assets					
Inventories	8	**50,033**	49,579	**-**	-
Current tax assets		**1,209**	695	**9**	37
Trade and other receivables	9	**50,538**	66,679	**61**	63
Other current assets	10	**7,317**	6,960	**-**	-
Cash and short-term deposits	11	**23,859**	27,371	**4,727**	4,742
Total current assets		**132,956**	151,284	**4,797**	4,842
TOTAL ASSETS		**208,765**	232,299	**73,905**	79,582
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	**110,159**	110,159	**110,159**	110,159
Treasury shares	13	**(108)**	(108)	**(108)**	(108)
Other reserves	14	**(1,467)**	(512)	**(1,467)**	(1,467)
Retained earnings/(Accumulated losses)		**20,728**	38,756	**(35,649)**	(30,032)
		129,312	148,295	**72,935**	78,552
Non-controlling interests		**(7,628)**	(3,914)	**-**	-
TOTAL EQUITY		**121,684**	144,381	**72,935**	78,552
Non-current liabilities					
Deferred tax liabilities	15	**1,025**	5,261	**-**	-
Loans and borrowings	16	**930**	1,297	**-**	-
Contingent consideration payables	17	**-**	900	**-**	900
Total non-current liabilities		**1,955**	7,458	**-**	900
Current liabilities					
Trade and other payables	18	**28,363**	33,803	**130**	130
Other current liabilities	10	**13,209**	17,326	**-**	-
Contingent consideration payables	17	**840**	-	**840**	-
Loans and borrowings	16	**42,713**	29,331	**-**	-
Currrent tax liabilities		**1**	-	**-**	-
Total current liabilities		**85,126**	80,460	**970**	130
TOTAL LIABILITIES		**87,081**	87,918	**970**	1,030
TOTAL EQUITY AND LIABILITIES		**208,765**	232,299	**73,905**	79,582

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2019

	NOTE	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Revenue	19	**113,000**	108,735	**261**	261
Cost of sales	20	**(124,052)**	(103,268)	**-**	-
Gross (loss)/profit		**(11,052)**	5,467	**261**	261
Other income		**2,697**	1,438	**179**	438
Selling and distribution expenses		**(2,636)**	(2,937)	**-**	-
Administrative expenses		**(12,182)**	(14,054)	**(6,057)**	(1,191)
Operating loss		**(23,173)**	(10,086)	**(5,617)**	(492)
Finance costs	21	**(2,758)**	(2,094)	**-**	-
Share of results of a joint venture, net of tax		**(8)**	(33)	**-**	-
Loss before tax	22	**(25,939)**	(12,213)	**(5,617)**	(492)
Income tax credit	24	**4,197**	21	**-**	22
Loss for the financial year		**(21,742)**	(12,192)	**(5,617)**	(470)
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
Share of foreign currency translation of a joint venture		**5**	(14)	**-**	-
Reclassification adjustments of exchange translation reserve		**(960)**	-	**-**	-
Total comprehensive loss for the financial year		**(22,697)**	(12,206)	**(5,617)**	(470)
Loss attributable to:					
Owners of the Company		**(18,028)**	(8,659)	**(5,617)**	(470)
Non-controlling interests		**(3,714)**	(3,533)	**-**	-
		(21,742)	(12,192)	**(5,617)**	(470)
Total comprehensive loss attributable to:					
Owners of the Company		**(18,983)**	(8,673)	**(5,617)**	(470)
Non-controlling interests		**(3,714)**	(3,533)	**-**	-
		(22,697)	(12,206)	**(5,617)**	(470)
Loss per share attributable to owners of the Company (sen):					
- Basic	25	**(17.53)**	(8.42)		
- Diluted	25	**(17.53)**	(8.42)		

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2019

GROUP	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2018		110,159	(108)	(1,467)	955	38,756	148,295	(3,914)	144,381
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	(18,028)	(18,028)	(3,714)	(21,742)
Other comprehensive loss for the financial year		-	-	-	(955)	-	(955)	-	(955)
Total comprehensive loss		-	-	-	(955)	(18,028)	(18,983)	(3,714)	(22,697)
Total transactions with owners		-	-	-	(955)	(18,028)	(18,983)	(3,714)	(22,697)
At 31 March 2019		**110,159**	**(108)**	**(1,467)**	**-**	**20,728**	**129,312**	**(7,628)**	**121,684**

GROUP	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2017		110,159	(108)	(1,467)	969	47,929	157,482	(381)	157,101
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	(8,659)	(8,659)	(3,533)	(12,192)
Other comprehensive loss for the financial year		-	-	-	(14)	-	(14)	-	(14)
Total comprehensive loss		-	-	-	(14)	(8,659)	(8,673)	(3,533)	(12,206)
Transactions with owners									
Dividend paid on shares	26	-	-	-		(514)	(514)	-	(514)
Total transactions with owners		-	-	-	-	(514)	(514)	-	(514)
At 31 March 2018		110,159	(108)	(1,467)	955	38,756	148,295	(3,914)	144,381

COMPANY	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 2017		110,159	(108)	(1,467)	(29,048)	79,536
Loss for the financial year		-	-	-	(470)	(470)
Dividend paid	26	-	-	-	(514)	(514)
At 31 March 2018		110,159	(108)	(1,467)	(30,032)	78,552
Loss for the financial year		-	-	-	(5,617)	(5,617)
At 31 March 2019		**110,159**	**(108)**	**(1,467)**	**(35,649)**	**72,935**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2019

	NOTE	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Cash flows from operating activities					
Loss before tax		**(25,939)**	(12,213)	**(5,617)**	(492)
Adjustments for:					
Bad debts written off		**274**	-	**-**	-
Depreciation of property, plant and equipment		**5,504**	5,655	**-**	-
Expected credit losses on trade and other receivables		**334**	1,432	**-**	-
Fair value gain on remeasurement of contingent consideration payables		**(60)**	(495)	**(60)**	(495)
Gain on derecognition of a joint venture		**(880)**	-	**(80)**	-
Gain on disposal of property, plant and equipment		**(14)**	(92)	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**4,972**	-
Goodwill written off		**-**	1,626	**-**	-
Impairment loss on property, plant and equipment		**1,198**	-	**-**	-
Interest income		**(572)**	(681)	**(151)**	(151)
Interest expense		**2,758**	2,094	**-**	-
Reversal of expected credit losses on trade and other receivables		**(82)**	(40)	**-**	-
Property, plant and equipment written off		**5**	-	**-**	-
Share of results of a joint venture		**8**	33	**-**	-
Unrealised (gain)/loss on foreign exchange		**(104)**	182	**(39)**	91
Operating loss before changes in working capital		**(17,570)**	(2,499)	**(975)**	(1,047)
Changes in working capital:					
Inventories		**(454)**	2,560	**-**	-
Trade and other receivables		**15,623**	(7,604)	**2**	(1)
Contract assets		**(357)**	-	**-**	-
Trade and other payables		**(5,440)**	568	**-**	-
Contract liabilities		**(4,117)**	951	**-**	-
Net cash flows used in operations		**(12,315)**	(6,024)	**(973)**	(1,048)
Income tax (paid)/refund		**(552)**	(413)	**28**	(21)
Interest paid		**(2,758)**	(2,048)	**-**	-
Interest received		**572**	659	**151**	151
Net cash used in operating activities		**(15,053)**	(7,826)	**(794)**	(918)
Cash flows from investing activities					
Repayment from/(Advances to) subsidiaries		**-**	-	**660**	(740)
Dividends paid		**-**	(514)	**-**	(514)
Purchase of property, plant and equipment	(b)	**(1,592)**	(1,380)	**-**	-
Distribution from joint venture		**-**	-	**80**	-
Proceeds from disposal of property, plant and equipment		**22**	124	**-**	-
Withdrawal/(Placement) of fixed deposits with licensed bank		**335**	(129)	**-**	-
Net cash (used in)/from investing activities		**(1,235)**	(1,899)	**740**	(1,254)

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2019

	NOTE	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Cash flows from financing activities	(c)				
Drawdown of short-term borrowing		**11,120**	5,758	**-**	-
Repayment of finance lease		**(381)**	(369)	**-**	-
Placement of sinking fund		**(61)**	(232)	**-**	-
Placement of deposits pledged for credit facilities		**(490)**	(38)	**-**	-
Net cash from financing activiies		**10,188**	5,119	**-**	-
Net decrease in cash and cash equivalents		**(6,100)**	(4,606)	**(54)**	(2,172)
Cash and cash equivalents at the beginning of the financial year		**18,048**	22,788	**4,742**	7,005
Effects of exchange rate changes on cash and cash equivalents		**96**	(134)	**39**	(91)
Cash and cash equivalents at the end of the financial year	(a)	**12,044**	18,048	**4,727**	4,742

(a) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Deposits with licensed banks	**14,847**	17,141	**3,000**	4,000
Cash and bank balances	**9,012**	10,230	**1,727**	742
	23,859	27,371	**4,727**	4,742
Less: Fixed deposits and bank balances pledged for credit facilities	**(3,607)**	(3,056)	**-**	-
Deposits with maturity periods more than 3 months	**(4,045)**	(4,380)	**-**	-
Bank overdrafts (Note 16)	**(4,163)**	(1,887)	**-**	-
	12,044	18,048	**4,727**	4,742

(i) The deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 2.95% to 3.68% (2018: 2.95% to 3.68%) and 3.25% to 3.68% (2018: 3.45% to 3.68%) per annum respectively and mature within 1 month to 12 months (2018: 1 month to 12 months) and 1 month to 3 months (2018: 1 month to 3 months) respectively.

(ii) Included in deposits with licensed banks and bank balances are fixed deposits and sinking fund which are pledged as security for financing facilities amounting to RM2,930,279 and RM676,852 (2018: RM2,440,061 and RM616,135) respectively.

Sinking fund is related to memorandum deposit of upfront fixed deposits of RM200,000 and memorandum of deposit over sinking fund to be built up by 10% from each proceeds received up to maximum of RM2.5 million or until end of the facility tenure in relation to the Islamic trade facilities financed by a financial institution.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2019

(a) Cash and cash equivalents (Cont'd)

(iii) The deposits placed with licensed banks for the maturity period more than 3 months bear interest rates ranging from 2.95% to 3.35% (2018: 2.95% to 3.68%) per annum and mature within 6 months to 12 months.

(b) Purchase of property, plant and equipment:

	GROUP	
	2019 RM'000	**2018 RM'000**
Purchase of property, plant and equipment	**1,592**	1,448
Financed by way of finance lease arrangements	**-**	(68)
Cash payments on purchase of property, plant and equipment	**1,592**	1,380

(c) Reconciliation of liabilities arising from financing activities:

	1 APRIL 2018 RM'000	**CASH FLOWS RM'000**	**NON CASH ADDITION RM'000**	**31 MARCH 2019 RM'000**
Group				
Finance lease liabilities	**1,678**	(381)	**-**	**1,297**
Short-term borrowings	**27,063**	11,120	**-**	**38,183**
	28,741	10,739	**-**	**39,480**

	1 APRIL 2017 RM'000	**CASH FLOWS RM'000**	**NON CASH ADDITION RM'000**	**31 MARCH 2018 RM'000**
Group				
Finance lease liabilities	**1,979**	(369)	**68**	**1,678**
Short-term borrowings	**21,305**	5,758	**-**	**27,063**
	23,284	5,389	**68**	**28,741**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

1. CORPORATE INFORMATION

YLI Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No.45, Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan. The principal place of the business of the Company is located at 2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Penang.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products, construction work and project management for waterworks and sewerage industry. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 July 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company had adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial position, financial performance and cash flows of the Group and of the Company except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 April 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and changes to classification of the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and of the Company, except for those as discussed below.

(i) Classification and measurement

The following are the changes in the classification of the Group's and of the Company's financial assets:

- Trade and other receivables and other financial assets, including refundable deposits and cash and bank balances previously classified as Loans and Receivables under MFRS 139 as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

Impact of the adoption of MFRS 9 (Cont'd)

(i) Classification and measurement (Cont'd)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 April 2018:

MFRS 139 measurement category	RM'000	MFRS 9 MEASUMENT CATEGORY AMORTISED COST RM'000
Financial assets		
Group		
Loans and receivables		
Trade and other receivables *	64,007	64,007
Cash and short-term deposits	27,371	27,371
	91,378	91,378
Company		
Loans and receivables		
Other receivables	63	63
Cash and short-term deposits	4,742	4,742
	4,805	4,805

* Exclude GST refundable, prepayments and advance payment to suppliers.

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis.

The Group and the Company applied MFRS 9 from 1 April 2018, and the comparatives for 2019 have not been restated. Based on the Group's assessment, the application of MFRS 9 did not have a material financial impact to the financial position, financial performance and cash flows of the Group and of the Company.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services

The Group and the Company have applied MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as permitted under the standards. The Group has elected the practical expedients to apply the standard only to contracts that are not completed as at 1 April 2017 and those contracts begin and end within the same annual reporting period. The Group also elected the practical expedient in not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the comparative period.

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year. The adoption of this standard does not have any significant effect on the financial performance and financial position of the Group and of the Company, except for those as discussed below.

(i) Presentation of contract assets and contract liabilities

The Group have changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(a) Contract liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount due to/from contract customers.

The effect of adoption of MFRS 15 is as follows:

Impact on statements of financial position of the Group:

	REFERENCE	AS PREVIOUSLY REPORTED RM'000	ADJUSTMENTS RM'000	AS RESTATED RM'000
Current assets				
Contract assets	(a)	**-**	**6,960**	**6,960**
Amount due from contract customers	(a)	**6,960**	**(6,960)**	**-**
Total current assets		**6,960**	**-**	**6,960**
Current liabilities				
Trade and other payables		**50,861**	**(17,058)**	**33,803**
Contract liabilities	(a)	**-**	**17,326**	**17,326**
Amount due to contract customers	(a)	**268**	**(268)**	**-**
Total current liabilities		**51,129**	**-**	**51,129**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020* 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019 1 January 2021#
MFRS 10	Consolidated Financial Statements	/Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020* 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020* 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets - Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards
\# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

IFRS Interpretations Committee ("IFRIC")'s Agenda Decision on IAS 23 Borrowing Costs ("Agenda Decision")

In March 2019, the IFRIC has concluded that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets.

The Malaysian Accounting Standards Board ("MASB") announced that non-private entities in the real estate industry might need to change their accounting policy as a result of the IFRIC Agenda Decision. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020 ("Mandatory Date").

The adoption of this Agenda Decision does not have any impact on the financial statements of the Group and the Company.

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group and the Company as a lessee currently accounts for as operating leases. On adoption of this standard, the Group and the Company will be required to capitalise its rented premises and motor vehicles on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 April 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognized over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below (Cont'd).

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below (Cont'd).

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance - in particular the definition of a liability - and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequences of effective of MFRS 17 Insurance Contracts

The amendments to the nine Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 3, MFRS 5, MFRS 7, MFRS 9, MFRS 15, MFRS 101, MFRS 107, MFRS 116, MFRS 119, MFRS 132, MFRS 136, MFRS 138 and MFRS 140.

2.3.2 The Group and the Company is currently performing an analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except for those as disclosed in the Note 3 to the financial statements.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

2. BASIS OF PREPARATION (CONT'D)

2.6 Use of estimates and judgements (Cont'd)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method of accounting except for those business combinations which were accounted for using merger method of accounting. Three subsidiaries (i.e. Laksana Wibawa Sdn. Bhd., Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd.) are consolidated using acquisition method of accounting, the rest of the subsidiaries are accounted for using the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

(b) Non-controlling interests

Non-controlling interest represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interest even if the losses exceed the non-controlling interests.

(c) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a ''joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(c) Joint arrangements (Cont'd)

Joint arrangements are classified and accounted for as follows (Cont'd):

- A joint arrangement is classified as ''joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.6 to the financial statements.

Contribution to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations (Cont'd)

(a) Translation of foreign currency transactions (Cont'd)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

<u>Accounting policies applied from 1 April 2018</u>

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

- **Fair value through profit or loss (FVPL)**
  Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(d) Derecognition (Cont'd)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 March 2018

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(a).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

(c) Regular way purchase or sale of financial assets (Cont'd)

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour and any other direct attributable costs but excludes internal profits.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(b) Subsequent costs

The cost of replacing a part of an item of equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

The property, plant and equipment are depreciated on a straight-line basis by allocating its depreciable amounts over its remaining useful lives at the following annual rates:

Flats and buildings	2% - 2.5%
Renovation	10%
Plant, machinery, tools and equipment	2% - 33.3%
Furniture and fittings	5% - 20%
Office and other equipment	8% - 33.3%
Motor vehicles	20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 April 2018

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group and the Company consider a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 March 2018

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

Available-for-sale financial assets (Cont'd)

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

3.7 Inventories

Trading inventories, finished goods, inventories-in-transit, work-in-progress and raw materials are stated at the lower of cost determined on the first-in first-out basis and net realisable value.

Cost of finished goods and work-in-progress includes cost of raw materials, direct labour and a proportion of manufacturing overheads (based on normal operating capacity). It excludes borrowing costs. Cost of trading inventories, raw materials, inventories-in-transit and stores and spares includes the original purchase price and the incidental cost of bringing the inventories to their present locations and conditions.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.9 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

3.10 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.11 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(a) Contingent liability

A contingent liability acquired in a business combination is initially measured at fair value at the acquisition date. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with MFRS 137 and the amount initially recognised less, if appropriate, cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue and other income

Accounting policies applied from 1 April 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or 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).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and services tax.

For 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.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company assess the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods

Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue and other income (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(b) Construction contracts

The group constructs assets under long-term contracts with customers. Construction service contract comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the assets is transferred over time as the Group creates or enhances an asset that the customer controls as the assets is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of a performance obligation is determined by the proportion of construction cost incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group become entitled to invoice customers for construction of properties based on achieving a series of performance-related milestones.

The Group recognises a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing of billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

Accounting policies applied until 31 March 2018

(a) Sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(b) Construction contracts

For a construction service contract with a customer, when control of the promised construction 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. The stage of completion is measured using the costs incurred for work performed to date bear to the estimated total costs (an input method). When the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Accounting policies applied from 1 April 2018 and until 31 March 2018

(c) Rental income

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

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income

Interest income is recognised using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue and other income (Cont'd)

Accounting policies applied from 1 April 2018 and until 31 March 2018 (Cont'd)

(f) Management fees

Management fees are recognised over time as services are rendered using an output method based on time elapsed to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company.

3.13 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases (Cont'd)

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.15 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in 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 at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income tax (Cont'd)

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(d) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operator decision maker of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.17 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Fair value measurement (Con'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : Quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 : Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Impairment of non-financial assets (Note 5 and Note 6)

The directors assess whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use.

The recoverable amount of the investment in subsidiaries is determined based on value-in-use. Estimating the recoverable amount based on value-in-use requires significant judgements. The value-in-use is the present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated by the directors based on historical experience, general market and economic conditions and other available information. The recoverable amount of the property, plant and equipment of a subsidiary is determined by reference to their fair value less costs of disposal. The fair value less costs of disposal of the said property, plant and equipment was determined by the directors based on directors estimated recoverable amount derived by reference to an independent valuation carried out by a professional valuer during the current financial year using the depreciated replacement cost method.

Changes to any of the assumptions used in determining the recoverable amount may result in recognition/ reversal of impairment loss for the abovementioned non-financial assets.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following (Cont'd):

4.2 Inventories (Note 8)

The Group write down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

4.3 Impairment of financial assets (Note 9)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate ("ECL"). The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually assessed to calculate ECL for trade receivables. The individually assessed ECL may be based on indicators such as changes in financial capability of the receivables, and default or significant delay in payments.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's financial assets is disclosed in Note 27(b).

4.4 Construction revenue and expenses (Note 19)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The directors also estimated its total construction revenue after considering any expected liquidated and ascertained damages to be paid to its customers to determine the construction revenue to be recognised.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

5. PROPERTY, PLANT AND EQUIPMENTS

GROUP 2019	LAND AND BUILDINGS RM'000	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	OFFICE AND OTHER EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK IN PROGRESS RM'000	TOTAL RM'000
Cost							
At 1 April 2018	71,014	119,566	850	1,267	6,070	12,627	211,394
Additions	147	1,387	9	48	1	-	1,592
Disposals	-	(25)	(1)	(40)	-	-	(66)
Written off	-	-	-	(6)	-	-	(6)
At 31 March 2019	**71,161**	**120,928**	**858**	**1,269**	**6,071**	**12,627**	**212,914**
Accumulated depreciation							
At 1 April 2018	23,422	101,126	494	939	3,895	-	129,876
Charge for the financial year	1,137	3,824	28	77	438	-	5,504
Disposals	-	(18)	(1)	(39)	-	-	(58)
Written off	-	-	-	(1)	-	-	(1)
At 31 March 2019	**24,559**	**104,932**	**521**	**976**	**4,333**	**-**	**135,321**
Accumulated impairment loss							
At 1 April 2018	-	-	-	-	-	586	586
Charge for the financial year	-	-	-	-	-	1,198	1,198
At 31 March 2019	**-**	**-**	**-**	**-**	**-**	**1,784**	**1,784**
Carrying amount							
At 31 March 2019	**46,602**	**15,996**	**337**	**293**	**1,738**	**10,843**	**75,809**
2018							
Cost							
At 1 April 2017	70,897	118,478	863	1,709	6,473	12,627	211,047
Additions	117	1,116	5	38	172	-	1,448
Disposals	-	(28)	(18)	(480)	(575)	-	(1,101)
At 31 March 2018	71,014	119,566	850	1,267	6,070	12,627	211,394
Accumulated depreciation							
At 1 April 2017	22,282	97,336	474	1,297	3,902	-	125,291
Charge for the financial year	1,140	3,814	31	110	560	-	5,655
Disposals	-	(24)	(11)	(468)	(567)	-	(1,070)
At 31 March 2018	23,422	101,126	494	939	3,895	-	129,876
Accumulated impairment loss							
At 1 April 2017/ 31 March 2018	-	-	-	-	-	586	586
Carrying amount							
At 31 March 2018	47,592	18,440	356	328	2,175	12,041	80,932

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

5. PROPERTY, PLANT AND EQUIPMENTS (CONT'D)

Analysis of land and buildings:

GROUP 2019	LEASEHOLD LAND RM'000	BUILDING ON LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS ON FREEHOLD LAND RM'000	LEASEHOLD FLATS RM'000	RENOVATION RM'000	TOTAL RM'000
Cost							
At 1 April 2018	21,826	39,441	5,717	867	188	2,975	71,014
Additions	-	-	-	-	-	147	147
At 31 March 2019	**21,826**	**39,441**	**5,717**	**867**	**188**	**3,122**	**71,161**
Accumulated depreciation							
At 1 April 2018	7,154	13,347	-	274	68	2,579	23,422
Charge for the financial year	401	664	-	12	2	58	1,137
At 31 March 2019	**7,555**	**14,011**	**-**	**286**	**70**	**2,637**	**24,559**
Carrying amount							
At 31 March 2019	**14,271**	**25,430**	**5,717**	**581**	**118**	**485**	**46,602**
2018							
Cost							
At 1 April 2017	21,826	39,441	5,717	867	188	2,858	70,897
Additions	-	-	-	-	-	117	117
At 31 March 2018	21,826	39,441	5,717	867	188	2,975	71,014
Accumulated depreciation							
At 1 April 2017	6,753	12,677	-	262	66	2,524	22,282
Charge for the financial year	401	670	-	12	2	55	1,140
At 31 March 2018	7,154	13,347	-	274	68	2,579	23,422
Carrying amount							
At 31 March 2018	14,672	26,094	5,717	593	120	396	47,592

(a) Assets under finance lease

The carrying amount of assets under a finance lease arrangement are as follows:

	GROUP	
	2019 RM'000	2018 RM'000
Motor vehicles	**1,491**	1,863

(b) Assets pledged as security

The carrying amount of assets pledged as security for borrowings of a subsidiary (Note 16) are as follows:

	GROUP	
	2019 RM'000	2018 RM'000
Buildings on leasehold land	**10,340**	10,684
Leasehold land	**6,404**	6,503
Freehold land	**1,417**	1,417
	18,161	18,604

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

5. PROPERTY, PLANT AND EQUIPMENTS (CONT'D)

(c) Capital work in progress

During the financial year, an impairment loss of RM1,198,000 (2018: Nil) was recognised in the profit or loss for the plant and machineries in progress. The directors estimated the recoverable amount of the capital work in progress relates to construction of plant and machineries and factory building at RM7,000,000 and RM3,870,000 (2018: RM8,200,000 and RM3,900,000) respectively based on the fair value less costs of disposals of the assets, with reference to an independent valuation carried out by a professional valuer. The fair value estimate is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the replacement costs of the assets and the accrued depreciation for age and obsolescence.

6. INVESTMENTS IN SUBSIDIARIES

	NOTE	COMPANY 2019 RM'000	COMPANY 2018 RM'000
At cost		**72,309**	72,309
Less: Impairment loss		**(48,086)**	(43,114)
		24,223	29,195
Loans that are part of net investments	(a)	**24,485**	25,145
Redeemable convertible preference share issued by a subsidiary		**20,400**	20,400
		69,108	74,740

(a) Loans that are part of net investments represents amount owing by subsidiaries which is non-trade in nature, unsecured and interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

(b) Redeemable Convertible Preference Shares ("RCPS") issued by Laksana Wibawa Sdn. Bhd. do not carry the right to vote except on a proposal that affects rights, privileges or conditions of RCPS subscriber, proposal to wind up or during winding up of the issuer and during the period when the dividend is unpaid or partly paid. The RCPS carry a cumulative dividend of 4% per annum which is subject to the discretion of the issuer and the availability of distributable profits of the issuer. The RCPS are convertible to ordinary shares at the option of the issuer or the Company and redeemable at the option of the issuer on any date after the issuance of the RCPS.

(c) The details of subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2019	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2018	PRINCIPAL ACTIVITIES
Yew Lean Foundry & Co. Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and trading of ductile iron pipes, fittings and other related products
Yew Li Foundry & Co. Sdn. Bhd.	Malaysia	**100%**	100%	Trading of cast iron fittings, saddles and manhole covers and fabrication of pipes
Logam Utara (M) Sdn. Bhd.	Malaysia	**100%**	100%	Trading of UPVC and ductile iron pipes and fittings, sanitary fittings, brass fittings and related products

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of subsidiaries are as follows (Cont'd):

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2019	2018	PRINCIPAL ACTIVITIES
Yew Lean Industries Sdn. Bhd.	Malaysia	**100%**	100%	Marketing and distribution of pipes, accessories and related products. The company has ceased operation in 2007 and remain inactive
Laksana Wibawa Sdn. Bhd. *	Malaysia	**51%**	51%	Manufacturing and trading of steel pipes and related products
Haluan Prisma Sdn. Bhd.	Malaysia	**70%**	70%	Construction and project management
MRPI Pipes Sdn. Bhd.	Malaysia	**70%**	70%	Manufacturing and sales of HDPE Pipes & MDPE Pipes
Subsidiary of Yew Lean Foundry & Co. Sdn. Bhd.				
Zenith Eastern (M) Sdn. Bhd.	Malaysia	**100%**	100%	Property investment holding

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

(d) Non-controlling interest in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2019 %	2018 %
Laksana Wibawa Sdn. Bhd.	Malaysia	**49%**	49%
Haluan Prisma Sdn. Bhd.	Malaysia	**30%**	30%
MRPI Pipes Sdn. Bhd.	Malaysia	**30%**	30%

Carrying amount of material non-controlling interests:

NAME OF COMPANY	2019 RM'000	2018 RM'000
Laksana Wibawa Sdn. Bhd.	**(8,646)**	(5,106)
Haluan Prisma Sdn. Bhd.	**473**	630
MRPI Pipes Sdn. Bhd.	**545**	562

Loss allocated to material non-controlling interests:

NAME OF COMPANY	2019 RM'000	2018 RM'000
Laksana Wibawa Sdn. Bhd.	**(3,540)**	(1,989)
Haluan Prisma Sdn. Bhd.	**(157)**	(805)
MRPI Pipes Sdn. Bhd.	**(17)**	(739)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) Summarised financial information of material non-controlling interests

	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Summarised statements of financial position			
As at 31 March 2019			
Non-current assets	**30,848**	**1,125**	**2,313**
Current assets	**32,552**	**19,993**	**4,825**
Non-current liabilities	**(341)**	**(10)**	**-**
Current liabilities	**(60,330)**	**(19,364)**	**(6,027)**
Net assets	**2,729**	**1,744**	**1,111**
Summarised statements of comprehensive income			
Financial year ended 31 March 2019			
Revenue	**31,537**	**16,211**	**13,755**
Loss for the financial year	**(7,224)**	**(523)**	**(58)**
Total comprehensive loss	**(7,224)**	**(523)**	**(58)**
Summarised cash flow information			
Financial year ended 31 March 2019			
Cash flows (used in)/from operating activities	**(7,604)**	**(7,209)**	**2,173**
Cash flows used in investing activities	**(101)**	**(161)**	**(45)**
Cash flows from/(used in) financing activities	**7,204**	**4,550**	**(1,888)**
Net (decrease)/increase in cash and cash equivalents	**(501)**	**(2,820)**	**240**
Dividend paid to non-controlling interests	**-**	**-**	**-**
Summarised statements of financial position			
As at 31 March 2018			
Non-current assets	34,662	1,187	2,463
Current assets	37,418	17,733	4,894
Non-current liabilities	(345)	(10)	-
Current liabilities	(61,782)	(16,642)	(6,188)
Net assets	9,953	2,268	1,169
Summarised statements of comprehensive income			
Financial year ended 31 March 2018			
Revenue	29,257	9,134	8,522
Loss for the financial year	(4,060)	(2,680)	(2,462)
Total comprehensive loss	(4,060)	(2,680)	(2,462)
Summarised cash flow information			
Financial year ended 31 March 2018			
Cash flows used in operating activities	(1,414)	(3,185)	(1,345)
Cash flows used in investing activities	(233)	(110)	(29)
Cash flows from financing activities	2,067	345	1,669
Net increase/(decrease) in cash and cash equivalents	420	(2,950)	295
Dividend paid to non-controlling interests	-	-	-

7. INVESTMENT IN A JOINT VENTURE

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares, at cost	-	- *	-	-
Share of post-acquisition reserves	-	83	-	-

* The cost of investment in a joint venture as at 31 March 2018 is RM141.

The Group's interest in the above investment is regarded as joint venture although the Group owns less than half of the equity interest in the entity. The directors have assessed that the contractual arrangements with the other joint venture parties have given rise to joint-control over the relevant activities of the entity and it has rights to the net assets of the entity in accordance with MFRS 11 *Joint Arrangements*. Accordingly, this entity is accounted for using the equity method in these consolidated financial statements.

The details of joint venture are as follow:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2019	2018	PRINCIPAL ACTIVITIES
Pinang Water Ltd. #	Labuan, Malaysia	-	37%	Investment holding, provision of consulting services in water management, trading of water treatment equipment, water treatment, management and supply of treated water. The Company remains inactive since 2017.

\# During the financial year, the joint venture parties appointed a liquidator to lodge the Return with Labuan Financial Services Authority. The joint venture will be dissolved after the expiration of three months from the date of lodgement.

(a) Summarised financial information of material joint ventures

The following table illustrates the summarised financial information of the Group's material joint ventures, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture:

GROUP	2019 RM'000	2018 RM'000
Assets and liabilities:		
Current assets	-	236
Current liabilities	-	(12)
Cash and cash equivalents	-	234
Results:		
Loss for the financial year	**(22)**	(90)
Reconciliation of net assets to carrying amount:		
Share of net assets	-	83
Group's share of results:		
Group's share of results for the financial year	**(8)**	(33)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

7. INVESTMENT IN A JOINT VENTURE (CONT'D)

(a) Summarised financial information of material joint ventures (Cont'd)

Significant restrictions

The above joint venture cannot distribute its profits or repay advances made by the Company unless consents are obtained from the joint venture partners.

(b) Derecognition of Pinang Water Ltd.

On 7 March 2019, the joint venture lodged the Return by Liquidator relating to the Final Meeting with the Labuan Financial Services Authority and it will be dissolved after the expiration of three months from the date of lodgement. As a result, the Company has lost control in Pinang Water Ltd.

8. INVENTORIES

	GROUP	
	2019 RM'000	2018 RM'000
At cost:		
Raw materials	**10,096**	7,950
Work in progress	**5,130**	7,140
Finished goods	**34,807**	34,489
	50,033	49,579

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group amounts to RM108,454,179 (2018: RM92,912,315).

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Trade				
Trade receivables	**50,859**	66,700	**-**	-
Less: allowance for impairment	**(5,759)**	(5,463)	**-**	-
	45,100	61,237	**-**	-
Non-trade				
Other receivables	**2,134**	1,773	**56**	60
Less: allowance for impairment	**(8)**	(52)	**-**	-
	2,126	1,721	**56**	60
Deposits	**1,070**	1,049	**3**	3
GST refundable	**465**	201	**-**	-
Advance payment to suppliers	**1,488**	1,517	**-**	-
Prepayments	**289**	954	**2**	-
	5,438	5,442	**61**	63
Total trade and other receivables (current)	**50,538**	66,679	**61**	63

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 1 to 120 days. (2018: 1 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

The movement in the allowance for impairment losses of trade receivables is as follows:

	GROUP	
	2019 RM'000	2018 RM'000
At 1 April 2018/2017	**5,463**	4,031
Charge for allowance for impairment losses	**326**	1,432
Reversal of allowance for impairment losses	**(30)**	-
At 31 March	**5,759**	5,463

The information about the credit exposures are disclosed in Note 27.

(b) The movement in the allowance for impairment losses of other receivables is as follows:

	GROUP	
	2019 RM'000	2018 RM'000
At 1 April 2018/2017	**52**	92
Charge for allowance for impairment losses	**8**	-
Reversal of allowance for impairment losses	**(52)**	(40)
At 31 March	**8**	52

10. OTHER CURRENT ASSETS/(LIABILITIES)

	GROUP	
	2019 RM'000	2018 RM'000
Contract assets relating to construction services contracts	**7,317**	6,960
	7,317	6,960
Contract liabilities relating to sales contracts	**(13,200)**	(17,058)
Contract liabilities relating to construction services contracts	**(9)**	(268)
	(13,209)	(17,326)

(a) Significant changes in contract balances

	2019	
	CONTRACT ASSETS (INCREASE) RM'000	CONTRACT LIABILITIES (DECREASE) RM'000
Group		
Revenue recognised that was included in contract liability at beginning of the financial year	**-**	3,858
Increases as a result of changes in the measure of progress	**357**	259

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

11. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	**9,012**	10,230	**1,727**	742
Short-term deposits	**14,847**	17,141	**3,000**	4,000
	23,859	27,371	**4,727**	4,742

12. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2019 UNIT ('000)	2018 UNIT ('000)	2019 RM'000	2018 RM'000
Issued and fully paid up:				
At 1 April 2018/2017/31 March	**102,951**	**102,951**	110,159	110,159

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

13. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

There were no treasury shares purchased or sold during the financial year. The number of treasury shares held at the end of the financial year was 121,000 (2018: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2018: RM107,620).

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 March 2019, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2018: 102,829,873) shares.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

14. OTHER RESERVES

	NOTE	GROUP 2019 RM'000	GROUP 2018 RM'000	COMPANY 2019 RM'000	COMPANY 2018 RM'000
Capital reserve	(a)	**(1,467)**	(1,467)	**(1,467)**	(1,467)
Exchange reserve	(b)	**-**	955	**-**	-
		(1,467)	(512)	**(1,467)**	(1,467)

(a) Capital reserve

Capital reserve represents the shortfall of the fair value of shares consideration over the share capital recorded at RM1 par value for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd. respectively.

(b) Exchange reserve

The translation reserves comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from the monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations or another currency.

15. DEFERRED TAX LIABILITIES

	GROUP 2019 RM'000	GROUP 2018 RM'000
At 1 April 2018/2017	**5,261**	5,480
Recognised in profit or loss (Note 24)	**(4,236)**	(219)
At 31 March	**1,025**	5,261
Presented after appropriate offsetting as follows:		
Deferred tax assets	**4,084**	-
Deferred tax liabilities	**(5,109)**	(5,261)
	(1,025)	(5,261)

Deferred tax liabilities relate to the following:

	GROUP 2019 RM'000	GROUP 2018 RM'000
Deferred tax liabilities:		
Property,plant and equipments	**(4,697)**	(5,209)
Income	**(412)**	(52)
	(5,109)	(5,261)
Deferred tax assets:		
Unutilised tax losses	**3,794**	-
Unabsorbed capital allowance	**290**	-
	4,084	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

15. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses	**47,961**	44,399	**2,306**	1,836
Unabsorbed capital allowances	**593**	1,146	**-**	-
	48,554	45,545	**2,306**	1,836

With effect from year of assessment 2019, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. Accumulated unutilised tax loss brought forward from year of assessment 2019 can be utilised for another 7 years of assessment and will be disregarded in year of assessment 2026.

16. LOANS AND BORROWINGS

	NOTE	GROUP 2019 RM'000	GROUP 2018 RM'000
Non-current:			
Finance lease liabilities	(a)	**930**	1,297
Current:			
Bank overdraft		**4,163**	1,887
Banker acceptance		**16,940**	14,068
Finance lease liabilities	(a)	**367**	381
Trust receipts	(b)	**16,254**	6,567
Revolving credit		**2,000**	2,000
Islamic trade financing		**2,989**	4,428
		42,713	29,331
		43,643	30,628
Total loans and borrowings			
Bank overdraft		**4,163**	1,887
Banker acceptance		**16,940**	14,068
Finance lease liabilities	(a)	**1,297**	1,678
Trust receipts	(b)	**16,254**	6,567
Revolving credit		**2,000**	2,000
Islamic trade financing		**2,989**	4,428
		43,643	30,628

The short-term borrowings of the Group are secured by:

(i) facility agreements;
(ii) charges on the subsidiary's freehold land, leasehold land and factory building (Note 5);
(iii) debentures incorporating fixed and floating charges on all the present and future assets of a subsidiary;
(iv) assignment of proceeds of contracts;
(v) memorandum deposit of upfront fixed deposit of RM200,000;
(vi) memorandum of deposit over sinking fund to be built up by 10% from each proceeds received up to a maximum of RM2.5 million or until end of the facility tenure; and
(vii) corporate guarantees given by the Company.

The short-term borrowings bear interest at rates range from 3.15% to 8.45% (2018: 3.15% to 7.71%) per annum.

16. LOANS AND BORROWINGS (CONT'D)

(a) Finance lease liabilities

	GROUP	
	2019 RM'000	2018 RM'000
Minimum lease payments:		
Not later than one year	**419**	453
Later than one year and not later than 5 years	**995**	1,311
Later than 5 years	**4**	108
	1,418	1,872
Less: Future finance charges	**(121)**	(194)
Present value of minimum lease payments	**1,297**	1,678
Present value of minimum lease payments payable:		
Not later than one year	**367**	381
Later than one year but not later than five years	**926**	1,191
Later than 5 years	**4**	106
	1,297	1,678
Less: Amount due within 12 months	**(367)**	(381)
Amount due after 12 months	**930**	1,297

The finance lease payables of the Group bear interest rates ranging from 2.43% to 2.96% (2018: 2.43% to 2.96%) per annum.

(b) Trust receipts

Included in trust receipts are amounts of RM560,636 (2018: RM596,176) denominated in United States Dollar.

17. CONTINGENT CONSIDERATION PAYABLES

This is in relation to the acquisition of MRPI Pipes Sdn. Bhd. ("MRPI") that contains contingent consideration.

MRPI – Profit Guarantee
Jalur Cahaya Sdn. Bhd. (MRPI's vendor) guarantees to the Company that MRPI will achieve an aggregate net profit after tax of RM3.0 million ("Profit Guarantee") within period of 5 financial years commencing from financial year ended 31 March 2016 ("Profit Guarantee Period"). The issuance of 3,000,000 new shares in the Company is withheld and to be issued to the vendor at the end of the Profit Guarantee Period or at the end of any such earlier financial year subject to the fulfilment of the Profit Guarantee. As at 31 March 2019, the Profit Guarantee has not been met.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade				
Trade payables	**19,381**	29,057	**-**	-
Accruals	**3,930**	522	**-**	-
	23,311	29,579	**-**	-
Non-trade				
Other payables	**2,042**	2,515	**-**	-
Accruals	**2,513**	1,422	**130**	130
GST payable	**497**	287	**-**	-
	5,052	4,224	**130**	130
Total trade and other payables	**28,363**	33,803	**130**	130

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

18. TRADE AND OTHER PAYABLES (CONT'D)

(a) The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2018: 30 to 90 days).

(b) Included in the trade payables are retention sum amounting to RM286,613 (2018: RM316,445).

(c) Included in other payables is an amount of RM497,559 (2018: RM345,111) due to corporate shareholder of a subsidiary. This amount is unsecured, interest free and repayable on demand in cash.

19. REVENUE

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contract customers:				
Sales of goods	**96,638**	99,449	**-**	-
Construction work and project management	**16,211**	9,134	**-**	-
Management fees	**-**	-	**110**	110
	112,849	108,583	**110**	110
Revenue from other source:				
Interest income from licensed banks	**151**	152	**151**	151
	151	152	**151**	151
	113,000	108,735	**261**	261
Timing of revenue recognition				
At a point in time	**96,638**	99,449	**-**	-
Over time	**16,211**	9,134	**110**	110
	112,849	108,583	**110**	110

(a) Disaggregation of revenue

The group reports the following major segments: construction services, manufacturing and trading in accordance with MFRS 8 *Operating Segment*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical market, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	GROUP		
GROUP - 2019	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	MANUFACTURING AND TRADING RM'000	TOTAL RM'000
Primary geographical market:			
Singapore	**-**	**6,351**	**6,351**
Sri lanka	**-**	**70**	**70**
Myanmar	**-**	**1,121**	**1,121**
Malaysia	**16,211**	**88,603**	**104,814**
Vietnam	**-**	**493**	**493**
	16,211	**96,638**	**112,849**

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

19. REVENUE (CONT'D)

(a) Disaggregation of revenue (cont'd)

GROUP - 2019	GROUP CONSTRUCTION AND PROJECT MANAGEMENT RM'000	 MANUFACTURING AND TRADING RM'000	 TOTAL RM'000
Major goods or services:			
Construction services	**16,105**	**-**	**16,105**
Project management	**106**	**-**	**106**
Pipes and fittings	**-**	**96,638**	**96,638**
	16,211	**96,638**	**112,849**
Timing of revenue recognition:			
At a point in time	**-**	**96,638**	**96,638**
Over time	**16,211**	**-**	**16,211**
	16,211	**96,638**	**112,849**

GROUP - 2018	GROUP CONSTRUCTION AND PROJECT MANAGEMENT RM'000	 MANUFACTURING AND TRADING RM'000	 TOTAL RM'000
Primary geographical market:			
Brunei	-	41	41
Hong Kong	-	1	1
Singapore	-	7,221	7,221
Myanmar	-	2,517	2,517
Malaysia	9,134	88,242	97,376
Oman	-	28	28
Vietnam	-	1,399	1,399
	9,134	99,449	108,583
Major goods or services:			
Construction services	8,448	-	8,448
Project management	686	-	686
Pipes and fittings	-	99,449	99,449
	9,134	99,449	108,583
Timing of revenue recognition:			
At a point in time	-	99,449	99,449
Over time	9,134	-	9,134
	9,134	99,449	108,583

(b) Transaction price allocated to the remaining performance obligations

As of 31 March 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM21,247,431 and the Group will recognise this revenue as the construction are completed, which is expected to occur over the next 3 years.

The Group have applied the practical expedient in paragraph C5 (d) of MFRS 15 and, for all reporting periods presented before the first-time adoption of MFRS 15, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

20. COST OF SALES

	GROUP 2019 RM'000	GROUP 2018 RM'000
Cost of construction services and project management	**15,496**	10,355
Cost of goods sold	**108,556**	92,913
	124,052	103,268

21. FINANCE COSTS

	GROUP 2019 RM'000	GROUP 2018 RM'000
Interest expenses on:		
- bank overdraft	**163**	159
- other short-term borrowings	**2,595**	1,935
	2,758	2,094

22. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credit) in arriving at loss before tax:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration:				
- current year	**132**	118	**35**	35
- prior years	**8**	20	**8**	16
Non-statutory audit fees:	**16**	15	**13**	5
Bad debt written off	**274**	-	**-**	-
Depreciation of property, plant and equipment	**5,504**	5,655	**-**	-
Employee benefits expenses (Note 23)	**15,281**	15,376	**759**	740
Expected credit losses on trade and other receivables	**334**	1,432	**-**	-
Fair value gain on remeasurement of contingent consideration payables	**(60)**	(495)	**(60)**	(495)
Gain on derecognition of a joint venture	**(880)**	-	**(80)**	-
Gain on disposal of property, plant and equipment	**(14)**	(92)	**-**	-
Loss/(gain) on foreign exchange				
- realised	**88**	(29)	**(1)**	57
- unrealised	**(104)**	182	**(39)**	91
Impairment loss on investment in subsidiaries	**-**	-	**4,972**	-
Goodwill written off	**-**	1,626	**-**	-
Impairment loss on property, plant and equipment	**1,198**	-	**-**	-
Interest income	**(572)**	(681)	**(151)**	(151)
Property, plant and equipment written off	**5**	-	**-**	-
Rental expense				
- land and building	**397**	300	**-**	-
- motor vehicles	**86**	125	**-**	-
Reversal of expected credit losses on trade and other receivables	**(82)**	(40)	**-**	-

23. EMPLOYEE BENEFIT EXPENSES

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and others	**13,774**	13,819	**759**	740
Defined contribution plans	**1,507**	1,557	**-**	-
	15,281	15,376	**759**	740

Included in employee benefit expenses are:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' fees	**125**	125	**75**	75
Directors' other emolument	**2,729**	2,793	**684**	665
Directors' defined contribution plans	**283**	284	**-**	-
	3,137	3,202	**759**	740

24. INCOME TAX CREDIT

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax:				
Current financial year	**34**	107	**-**	-
Under/(Over) provision in prior financial years	**5**	91	**-**	(22)
	39	198	**-**	(22)
Deferred tax (Note 15):				
Current financial year	**(4,222)**	(223)	**-**	-
(Over)/Under provision in prior financial years	**(14)**	4	**-**	-
Tax credit	**(4,197)**	(21)	**-**	(22)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

24. INCOME TAX CREDIT (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax credit are as follows:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax	**(25,939)**	(12,213)	**(5,617)**	(492)
Tax at statutory income tax rate of 24%	**(6,225)**	(2,931)	**(1,348)**	(118)
Deferred tax assets not recognised	**722**	1,210	**113**	69
Effect on share of results of joint venture	**(209)**	8	**-**	-
Tax effect arising from:				
- non-deductible expenses	**1,585**	1,860	**1,269**	181
- non-taxable income	**(42)**	(167)	**(24)**	(119)
- double deduction	**(19)**	(22)	**(10)**	(13)
- special incentive for export	**-**	(74)	**-**	-
Under/(Over) provision in prior finanical years				
- current tax	**5**	91	**-**	(22)
- deferred tax	**(14)**	4	**-**	-
Income tax credit	**(4,197)**	(21)	**-**	(22)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

25. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year, calculated as follows:

	GROUP	
	2019 RM'000	2018 RM'000
Loss attributable to owners of the Company:	**(18,028)**	(8,659)

	GROUP	
	2019 '000	2018 '000
Weighted average number of ordinary shares for basic loss per share	**102,830**	102,830

	GROUP	
	2019 SEN	2018 SEN
Basic loss per ordinary share	**(17.53)**	(8.42)

(b) Diluted loss per share ("DLPS")

The diluted loss per ordinary share of the Group for the financial year 2018 are equivalent to the basic loss per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

No DLPS is computed for the financial year 2019 as the effect is anti-dilutive.

26. DIVIDENDS

	GROUP	
	2019 RM'000	2018 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Single tier first and final dividend for the financial year ended 31 March 2017: 0.5 sen per ordinary share, paid on 29 November 2017.	-	514

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 April 2018:
(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVTPL")

On or before 31 March 2018:
(i) Loan and receivables ("L&R")
(ii) Other financial liabilities ("FL")

	CARRYING AMOUNT RM'000	AC RM'000	FVTPL RM'000
2019			
Financial assets			
Group			
Trade and other receivables *	48,296	48,296	-
Cash and short-term deposits	23,859	23,859	-
	72,155	72,155	-
Company			
Other receivables *	59	59	-
Cash and short-term deposits	4,727	4,727	-
	4,786	4,786	-
Financial liabilities			
Group			
Contingent consideration payables	840	-	840
Trade and other payables #	27,866	27,866	-
Loans and borrowings	43,643	43,643	-
	72,349	71,509	840
Company			
Contingent consideration payables	840	-	840
Other payables #	130	130	-
	970	130	840

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

27. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (cont'd)

	CARRYING AMOUNT RM'000	L&R RM'000	FL RM'000
2018			
Financial assets			
Group			
Trade and other receivables *	64,007	64,007	-
Cash and short-term deposits	27,371	27,371	-
	91,378	91,378	-
Company			
Other receivables *	63	63	-
Cash and short-term deposits	4,742	4,742	-
	4,805	4,805	-
Financial liabilities			
Group			
Contingent consideration payables	900	-	900
Trade and other payables #	33,516	33,516	-
Loans and borrowings	30,628	30,628	-
	65,044	64,144	900
Company			
Contingent consideration payables	900	-	900
Other payables #	130	130	-
	1,030	130	900

* Exclude GST refundable, prepayments and advance payment to suppliers
# Exclude GST payable

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	GROUP			
	2019 RM'000	%	2018 RM'000	%
Trade receivables:				
Group				
Manufacturing and trading	**38,255**	85%	**56,577**	92%
Construction services	**6,845**	15%	**4,660**	8%
	45,100	100%	**61,237**	100%
Contract assets:				
Group				
Construction services	**7,317**	100%	**6,960**	100%
	7,317	100%	**6,960**	100%

The information about the credit risk exposure on the Group's trade receivables as at 31 March 2019 are as follows:

	GROSS CARRYING AMOUNT RM'000	ECL ALLOWANCE RM'000	NET BALANCE RM'000
Current	**14,931**	**-**	**14,931**
1 to 30 days past due	**6,253**	**-**	**6,253**
31 to 60 days past due	**5,276**	**-**	**5,276**
61 to 90 days past due	**4,884**	**-**	**4,884**
91 to 180 days past due	**6,142**	**-**	**6,142**
More than 181 days past due	**7,614**	**-**	**7,614**
Individually assessed (credit impaired)	**5,759**	**(5,759)**	**-**
	50,859	**(5,759)**	**45,100**

The significant changes in gross carrying amount of trade receivables do not contribute to changes in impairment losses during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The Group also individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and default or significant delay in payments. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables is as follows:

	2018 RM'000
Neither past due nor impaired	**26,081**
Past due not impaired	
1 to 30 days past due but not impaired	**9,266**
31 to 60 days past due but not impaired	**5,701**
61 to 90 days past due but not impaired	**5,666**
91 to 180 days past due but not impaired	**5,928**
More than 181 days past due but not impaired	**8,595**
	35,156
Impaired	**5,463**
	66,700

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivable that are past due but not impaired
The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of this receivable.

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

27. FINANCIAL INSTRUMENTS (CONT"D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Other receivables and other financial assets (Cont'd)

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.6(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM59,046,000 (2018: RM42,034,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 27(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis
The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		CONTRACTUAL CASH FLOWS				
2019	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 2 YEARS RM'000	2 TO 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
Group						
Contingent consideration payables	**840**	**840**	**-**	**-**	**-**	**840**
Trade and other payables	**27,866**	**27,866**	**-**	**-**	**-**	**27,866**
Loans and borrowings	**43,643**	**43,695**	**670**	**325**	**4**	**44,694**
	72,349	**72,401**	**670**	**325**	**4**	**73,400**
2019						
Company						
Contingent consideration payables	**840**	**840**	**-**	**-**	**-**	**840**
Other payables	**130**	**130**	**-**	**-**	**-**	**130**
	970	**970**	**-**	**-**	**-**	**970**

		CONTRACTUAL CASH FLOWS				
2018	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 2 YEARS RM'000	2 TO 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
Group						
Contingent consideration payables	900	-	900	-	-	900
Trade and other payables	33,516	33,516	-	-	-	33,516
Loans and borrowings	30,628	29,403	452	1,496	108	31,459
	65,044	62,919	1,352	1,496	108	65,875
2018						
Company						
Contingent consideration payables	900	-	900	-	-	900
Other payables	130	130	-	-	-	130
	1,030	130	900	-	-	1,030

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

GROUP	USD RM'000	SGD RM'000	LKR RM'000	TOTAL RM'000
2019				
Financial assets				
Trade and other receivables	**84**	**2,219**	**7**	**2,310**
Cash and bank balances	**795**	**59**	**-**	**854**
	879	**2,278**	**7**	**3,164**
Financial liabilities				
Trade and other payables	**-**	**-**	**-**	**-**
Loans and borrowings	**596**	**-**	**-**	**596**
	596	**-**	**-**	**596**

GROUP	USD RM'000	SGD RM'000	LKR RM'000	TOTAL RM'000
2018				
Financial assets				
Trade and other receivables	571	1,447	7	2,025
Cash and bank balances	805	113	-	918
	1,376	1,560	7	2,943
Financial liabilities				
Loans and borrowings	596	-	-	596
	596	-	-	596

<u>Sensitivity analysis for foreign currency risk</u>

The Group's exposure to foreign currency is not material and hence, sensitivity analysis is not presented.

As at 31 March 2019 and 31 March 2018, there were no forward foreign currency exchange contract.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's and the Company's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

Sensitivity analysis for interest rate risk
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	CHANGE IN RATE %	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Group			
- 31 March 2019	**+ 1%**	**322**	**322**
	- 1%	**(322)**	**(322)**
- 31 March 2018	+ 1%	220	220
	- 1%	(220)	(220)

(c) Fair value measurement

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 - 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).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

27. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE					FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
2019	**CARRYING AMOUNT RM**	**LEVEL 1 RM**	**LEVEL 2 RM**	**LEVEL 3 RM**	**TOTAL RM**	**LEVEL 1 RM**	**LEVEL 2 RM**	**LEVEL 3 RM**	**TOTAL RM**
Financial liabilities									
Contingent consideration payables	**840**	**-**	**-**	**840**	**840**	**-**	**-**	**-**	**-**
Finance lease liabilities	**1,297**	**-**	**-**	**-**	**1,297**	**-**	**1,335**	**-**	**1,335**
2018									
Financial liabilities									
Contingent consideration payables	900	-	-	900	900	-	-	-	-
Finance lease liabilities	1,678	-	-	-	1,678	-	1,625	-	1,625

Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of non-current trade receivables is determined based on expected cash flows discounted using the committed borrowing rate.

Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long-term floating rate loans are approximate fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease payables and fixed rate loan is estimated using discounted cash flow analysis, based on current lending rate for similar types of borrowing arrangements.

Liabilities carried at fair value:

During the financial year ended 31 March 2019 and 2018, there was no transfer between Level 1 and 2 of fair value measurement hierarchy.

Description of valuation techniques used and key unobservable input to valuation on contingent consideration payables measured at level 3 are as follow:

Type	Description of valuation techniques and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration payables	The fair value of the Company shares to be issued and adjusted for any factors included in the share price which would not be relevant for the contingent consideration.	Probability of pay out	The estimated fair value would decrease if the probability were lower.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

28. CAPITAL COMMITMENTS

The group has made commitments for the following capital expenditure:

	GROUP	
	2019 RM'000	2018 RM'000
Property, plant and equipments		
Approved and contracted for	**3,292**	3,256
Approved but not contracted for	**13,327**	13,327

29. FINANCIAL GUARANTEES

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Corporate guarantee granted to financial institutions for banking facilities granted to its subsidiaries				
- total banking facilities	**115,850**	115,850	**115,850**	115,850
- total utilised	**59,046**	42,034	**59,046**	42,034

Fair values of the financial guarantee contracts have not been recognised based on discounted cash flow (expected value) method as they are not material due to the likelihood of the subsidiaries defaulting within the guaranteed period is remote and the estimated loss exposure if the subsidiaries was to default is immaterial.

30. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Joint ventures; and
(iii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transaction other than disclosed elsewhere in the financial statements are as follows:

	GROUP	
	2019 RM'000	2018 RM'000
Significant transaction with corporate shareholder of a subsidiary		
Rental paid/payable	**180**	162

30. RELATED PARTIES (CONT'D)

(b) Significant related party transactions (cont'd)

Significant related party transaction other than disclosed elsewhere in the financial statements are as follows: (cont'd)

	COMPANY	
	2019 RM'000	2018 RM'000
Significant transaction with its subsidiaries:		
Management fee received/receivable	**110**	110

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fees, salaries and other employee benefits	**2,071**	2,137	**51**	51
Defined contribution plans	**283**	284	**-**	-
Estimated monetary value of benefit-in-kind	**196**	178	**20**	20
	2,550	2,599	**71**	71

31. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operator decision maker for the purpose of making decisions about resource allocation and performance assessment.

Segments	Product and services
Manufacturing and trading	Manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterwork related products for waterworks and sewerage industry.
Construction and project management	Construction and project management.
Others	Management and supply of treated water which is held as investment of the Group in a joint venture ("JV"). The JV remains inactive since year 2017.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment result represents profit or loss before tax of the respective business segments. There are no transactions between the reportable segments. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets and liabilities

Segment assets and liabilities are measured based on all assets and liabilities of segment other than those activities that are not part of any reportable segments.

Geographical information

The activities of the Group mainly carried out in Malaysia and as such, geographical segmental reporting is not presented.

Information about major customers

For manufacturing and trading segment, there is no single customer with revenue equal or more than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2019

31. SEGMENT INFORMATION (CONT'D)

	MANUFACTURING AND TRADING RM'000	OTHERS RM'000	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	TOTAL RM'000
2019				
REVENUE				
Total segment revenue	**96,789**	**-**	**16,211**	**113,000**
RESULTS				
Reportable segment loss	**(25,409)**	**(7)**	**(523)**	**(25,939)**
NET ASSETS				
Total segment assets	**187,647**	**-**	**21,118**	**208,765**
Total segment liabilities	**67,707**	**-**	**19,374**	**87,081**
Net assets - Segment	**119,940**	**-**	**1,744**	**121,684**
OTHER INFORMATION				
Capital expenditures (including additions arising from business combinations)	**1,586**	**-**	**6**	**1,592**
Bad debts written off	**-**	**-**	**274**	**274**
Depreciation on property, plant and equipment	**5,442**	**-**	**62**	**5,504**
Impairment on property, plant and equipment	**1,198**	**-**	**-**	**1,198**
Interest expenses	**2,623**	**-**	**135**	**2,758**
Interest income	**(499)**	**-**	**(73)**	**(572)**
Expected credit losses on trade and other receivables	**334**	**-**	**-**	**334**
Reversal of expected credit losses on trade and other receivables	**(82)**	**-**	**-**	**(82)**

	MANUFACTURING AND TRADING RM'000	OTHERS RM'000	CONSTRUCTION AND PROJECT MANAGEMENT RM'000	TOTAL RM'000
2018				
REVENUE				
Total segment revenue	99,601	-	9,134	108,735
RESULTS				
Reportable segment loss	(7,977)	(33)	(4,203)	(12,213)
NET ASSETS				
Total segment assets	213,296	83	18,920	232,299
Total segment liabilities	71,266	-	16,652	87,918
Net assets - Segment	142,030	83	2,268	144,381
OTHER INFORMATION				
Capital expenditures (including additions arising from business combinations)	1,426	-	22	1,448
Depreciation on property, plant and equipment	5,538	-	117	5,655
Interest expenses	1,884	-	210	2,094
Interest income	(480)	-	(201)	(681)
Goodwill written off	-	-	1,626	1,626
Expected credit losses on trade receivables	747	-	685	1,432

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2018 and 31 Mach 2019.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total borrowings divided by total capital. The total capital is calculated as total equity plus total borrowings. The Group's and the Company's gearing ratio as at the reporting date are as follows:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total borrowings (RM'000)	**43,643**	30,628	**-**	-
Total equity (RM'000)	**121,684**	144,381	**72,935**	78,552
Total capital (RM'000)	**165,327**	175,009	**72,935**	78,552
Gearing ratio (%)	**26.40%**	17.50%	**-**	-

The Group and the Company are not subject to any externally imposed capital requirements.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of YLI Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 36 to 101 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 financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 July 2019.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR

DATO' HJ. SAMSURI BIN RAHMAT

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Hj. Samsuri bin Rahmat, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 36 to 101 are correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATO' HJ. SAMSURI BIN RAHMAT

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 22 July 2019.

Before me,

Commissioner for Oaths
TAN KIM CHOOI (W661)
Level 25, Menara Hong Leong,
No. 6, Jalan Damanlela, Bukit Damansara,
50490 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of YLI Holdings Berhad, which comprise the statements of financial position as at 31 March 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 a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 101.

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 March 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Group

Property, plant and equipment ("PPE") (Note 4.1 and Note 5(c))

We focused on this area because judgements and estimates by directors are involved in determining the recoverable amount of these assets.

Our audit response:
Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which includes consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement; and
- reading the valuation reports and discussing with external valuers on their valuation approach and the significant judgements they made.

Trade receivables (Note 4.3 and Note 9)

We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history and forward looking estimates at the end of the reporting period.

Our audit response:
Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection;
- sending confirmation of balances of selected receivables;
- reading any customer correspondence, subsequent receipts and considering level of activity with the customer and explanation by the Group on recoverability with significantly past due balances; and
- reading the calculation of expected credit loss as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Inventories (Note 4.2 and Note 8)

We focused on this area because judgement by directors is required in estimating the net realisable value of inventories.

Our audit response:
Our audit procedures included, among others:
- reading the Group's assessment in relation to the monitoring and detection of slow-moving inventories;
- observing year end physical inventory count to observe physical existence and condition of the finished goods and reading the design and implementation of controls during the count; and
- reading subsequent sales and understanding director's assessment on estimated net realisable value on selected inventory items.

Revenue and corresponding costs recognition for construction activities (Note 4.4 and Note 19)

We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:
Our audit procedures on a sample of major projects included, among others,
- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing directors' major assumptions to contractual terms and discussing with project manager;
- reading the computed progress towards anticipated satisfaction of a performance obligation for identified projects against architect or consultant certificate;
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year; and
- discussing with the directors and reading of relevant correspondences in relation to the potential liquidated and ascertained damages.

Company

Investment in subsidiaries (Note 4.1 and Note 6)

We focused on this area because the directors' assessment of the recoverable amount involved significant judgement.

Our audit response:
Our audit procedures included, among others:
- comparing the actual results with previous budget;
- reading the Company's assumption used in the projections; and
- testing the mathematical accuracy of the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of YLI Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

INDEPENDENT AUDITORS' REPORT
To the members of YLI Holdings Berhad (Incorporated in Malaysia)

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

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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

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 contents of this report.

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2020 J
Chartered Accountant

Kuala Lumpur

Date: 22 July 2019

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2019 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
FACTORIES					
2432, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 03.10.2042)	3.30 acres	1,036	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,199	36	
	Machine workshop	3,200 sq. ft.		28	
	Canteen	2,050 sq. ft.		23	
	Office building	7,949 sq. ft.		23	
2462, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	3,261	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	3,766	19	14 July 2000
2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 23.01.2045)	3.02 acres	1,737	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,053	27	19 July 1999
	Double-storey office building	4,450 sq. ft.			
2604, Lorong Perusahaan Baru 2, Kawasan Perusahaan Prai, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 11.12.2050)	3.54510 acres	1,311	N/A	6 May 2004
	Factory Building	24,208 sq. ft.	1,074	29	
Lot No.668 and 669, Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang	Land (Freehold)	18,919 sq. metres	2,234	N/A	17 March 2005
	Fencing		32	N/A	14 December 2009
Lot 1498, Seksyen 20, Town of Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Land (Leasehold 99 years expiring 10.09.2096)	44,578 sq. metres	5,457	N/A	30 March 2009
	Factory Building	12,689 sq. metres	12,299	18	29 August 2008
	Office Building	460 sq. metres			
OFFICE CUM WORKSHOP					
51, Jalan Layang-Layang 3, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan	Land (Freehold)	7,201 sq. ft.	750	N/A	26 May 1997
	1½ storey semi-detached factory erected on it		422	22	

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2019 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
WAREHOUSE					
No. 2739, Mukim 6, Lorong Nagasari 5, Taman Nagasari, 13600 Prai, Pulau Pinang	Land (Leasehold expiring 09.05.2051)	3.25 acres	2,322	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,407	23	
GENERAL PROPERTIES					
No. 11, 12, 13, 14, Tingkat 3, Block C, Taman Pelangi, 13600 Prai, Pulau Pinang	4 units of flats (leasehold expiring 07.11.2093) used as production workers accommodation)	700 sq. ft. each	131	23	8 November 1994
No. 7, Lorong Nagasari 22, Taman Nagasari, 13600 Prai, Pulau Pinang	Land (Freehold) 1½ storey terrace factory erected on it	2,034 sq. ft.	234	23	10 November 1993
HS(M)21310, PT No.18066 HS(M)28813, PT No.64243 HS(M)21312, PT No.18068 HS(M)21313, PT No.18069	Land (Freehold)	1,200 sq. metres	610	N/A	May 2002
	Warehouse		88	N/A	January 2003
Moveable Site Hostel, No.2739, Mukim 6, Lorong Nagasari 5, Taman Nagasari, 13600 Prai	Double Storey Steel Container	40' X 8' X 8' (8 units)	20	N/A	16 September 2002
No.40, Jalan Uranus AH U5/AH, Taman Subang Impian, Seksyen U5, 40150 Shah Alam, Selangor	Three Storey Shop Office	5,280 sq. ft.	988	6	18 April 2013
Lot 530, Tile no. GM 344, Mukim Batang Kali, District of Hulu Selangor	Vacant Industrial Land	18,211 sq. metres	1,960	N/A	14 April 2015

ANALYSIS OF SHAREHOLDINGS

As at 28 June 2019

Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share
Issued Share Capital	: RM110,158,886.50 consisting of 102,829,873 ordinary shares (exclusive of 121,000 shares held as treasury shares)
Number of Holders	: 2,107

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 28 JUNE 2019

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	%*
40	less than 100 shares	855	#
263	100 to 1,000 shares	191,396	0.19
1,159	1,001 to 10,000 shares	5,436,982	5.29
542	10,001 to 100,000 shares	19,344,727	18.81
101	100,001 to less than 5% of issued shares	36,033,524	35.04
2	5% and above of issued shares	41,822,389	40.67
2,107		**102,829,873**	**100.00**

Negligible

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 JUNE 2019

	NAME	SHAREHOLDINGS	%
1	SUASANA KARISMA SDN BHD	32,510,089	31.62
2	URUSHARTA JAMAAH SDN BHD	9,312,300	9.06
3	NUSMAKMUR DEVELOPMENT SDN BHD	4,861,330	4.73
4	JB-CITY ALLOY INDUSTRIES SDN. BHD.	3,501,500	3.41
5	BLESSPLUS SDN. BHD.	2,659,600	2.59
6	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH HOCK ANG	2,316,300	2.25
7	SULTAN IDRIS SHAH	1,182,200	1.15
8	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHD NAZASLI BIN ABDUL AZIZ (MY1484)	971,500	0.94
9	CHAN CHEE CHOY	695,900	0.68
10	KHOR KENG SAW @ KHAW AH SOAY	693,600	0.67
11	BUMIRAYA ARMANI SDN BHD	591,400	0.58
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	579,800	0.56
13	WANG HSUEH YING	526,000	0.51
14	SIM KAH HOON	501,900	0.49
15	JS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ONG (L GARDEN-CL)	450,700	0.44

ANALYSIS OF SHAREHOLDINGS

As at 28 June 2019

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 28 JUNE 2019 (CONT'D)

	NAME	SHAREHOLDINGS	%
16	LEONG CHEE HOK	450,000	0.44
17	HOO WAN FATT	445,200	0.43
18	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HON KWONG YEW (M09)	400,000	0.39
19	TIAH EWE LIANG	400,000	0.39
20	NG HAY LIAN	388,300	0.38
21	WONG KEE CHONG	366,300	0.36
22	JS NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	360,000	0.35
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	360,000	0.35
24	TAN PER LIN	314,400	0.31
25	LIM KEN ANG	314,400	0.31
26	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	314,000	0.31
27	CHENG YOONG CHOONG	300,000	0.29
28	LAI THIAM POH	293,500	0.29
29	GOH THONG BENG	280,000	0.27
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH CHYE KEAT (PB)	250,000	0.24
	TOTAL	**66,590,219**	**64.79**

ANALYSIS OF SHAREHOLDINGS
As at 28 June 2019

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 28 June 2019 are as follows:-

NAME OF SHAREHOLDERS	NO OF SHARES DIRECT	%#	INDIRECT	%#
Suasana Karisma Sdn. Bhd.	32,510,089	31.62	-	-
Dato' Hj Samsuri bin Rahmat	-	-	32,510,089*	31.62
Tuan Haji Ali Sabri bin Ahmad	-	-	32,510,089*	31.62
Urusharta Jamaah Sdn Bhd	9,312,300	9.06	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 28 June 2019.

* Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of their shareholdings in Suasana Karisma Sdn. Bhd.

DIRECTORS AND THEIR SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 28 June 2019 are as follows:-

NAME OF DIRECTORS	NO. OF SHARES DIRECT	%#	INDIRECT	%#
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	-	-	-	-
Dato' Hj Samsuri bin Rahmat	-	-	32,510,089*	31.62
Tuan Haji Ali Sabri bin Ahmad	-	-	32,510,089*	31.62
Seah Heng Chin	-	-	-	-
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-
Dr Abdul Latif bin Shaikh Mohamed	-	-	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 28 June 2019.

* Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of their shareholdings in Suasana Karisma Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of YLI Holdings Berhad will be held at the Concorde Ballroom, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 28 August 2019 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon. — Please refer to Note A

AS ORDINARY BUSINESS

2. To re-elect Tan Sri Syed Mohd Yusof bin Tun Syed Nasir who retires in accordance with Clause 84 of the Company's Constitution. — Ordinary Resolution 1
3. To re-elect Dato' Hj Samsuri bin Rahmat who retires in accordance with Clause 84 of the Company's Constitution. — Ordinary Resolution 2
4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to determine their remuneration. — Ordinary Resolution 3

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolutions:-

Ordinary Resolutions

5. To approve the payment of Directors' fees for the financial year ended 31 March 2019 and Directors' benefits from 29 August 2019 until the next Annual General Meeting of the Company up to an aggregate amount of RM923,000. — Ordinary Resolution 4
6. **Authority to continue in office as Independent Non-Executive Directors**
   - i. "THAT authority be and is hereby given to YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — Ordinary Resolution 5
   - ii. "THAT authority be and is hereby given to Encik Mohammad Khayat bin Idris who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — Ordinary Resolution 6
7. **Proposed Renewal of Authority for Share Buy-Back** — Ordinary Resolution 7

   "THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued 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 issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
   - ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

Ordinary Resolutions (continued)

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

i. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

ii. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. **Authority to Issue Shares** Ordinary Resolution 8

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and the Constitution of the Company and subject to approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

NOTICE OF ANNUAL GENERAL MEETING

Special Resolution

9. **Proposed Alteration of the Existing Constitution by replacing with a New Constitution ("Proposed Alteration")** Special Resolution 1

   "THAT the existing Constitution of the Company be hereby altered by replacing with a new Constitution attached hereto as Annexure A with effect from the date of passing this special resolution.

   THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
Company Secretary

Penang

Date: 29 July 2019

Note A

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, participate, speak and vote on his behalf.

2. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint 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 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 instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act 2016.

8. Only members registered in the Record of Depositors as at 22 August 2019 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 - To approve the Directors' fees and benefits**

   Pursuant to Section 230 of the Act, any fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

   The proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees for the financial year ended 31 March 2019 and Directors' benefits from 29 August 2019 until the next Annual General Meeting of the Company up to an aggregate amount of RM923,000.

2. **Resolutions 5 and 6 - Authority to continue in office as Independent Non-Executive Directors**

   The Nomination Committee had assessed the independence of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin and Encik Mohammad Khayat bin Idris who have served on the Board as Independent Non-Executive Directors for a cumulative term of more than nine (9) years. The Board has recommended that the approval of the shareholders be sought to re-appoint YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin and Encik Mohammad Khayat bin Idris as Independent Non-Executive Directors as both of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:-

   (i) Have vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgment;
   (ii) Consistently challenge the management in an effective and constructive manner;
   (iii) Have good and thorough understanding of the main drivers of the business in a detailed manner;
   (iv) Actively participate in board deliberations and decision making in an objective manner; and
   (v) Exercise due care in all undertakings of the Group and carry out their fiduciary duties in the interest of the Company and minority shareholders.

3. **Resolution 7 - Proposed Renewal of Authority for Share Buy-Back**

   The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information, please refer to the Statement to Shareholders dated 29 July 2019.

4. **Resolution 8 - Authority to Issue Shares**

   This general mandate for issuance of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the last Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. As the Mandate will expire on 28 August 2019, the Board is desirous of seeking a fresh general mandate at the forthcoming AGM. This Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

   The proposed Ordinary Resolution 8, if passed, will from the date of the above meeting give the Directors of the Company authority to allot and issue ordinary shares in the Company of up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

5. **Special Resolution 1 - Proposed Alteration of the Existing Constitution by replacing with a New Constitution ("Proposed Alteration")**

   This proposed Special Resolution, if passed, will enable the Company to alter its existing Constitution by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

   For further information on the Proposed Alteration, please refer to the Annexure A enclosed together with this Notice of Annual General Meeting of the Company dated 29 July 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(1) Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

(2) GENERAL MANDATE FOR ISSUES OF SECURITIES Pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad

This general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. This Mandate will expire on 28 August 2019. A renewal of this authority is being sought at the Twenty-Fourth AGM.

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

YLI HOLDINGS BERHAD
(Co. No. 367249-A) (Incorporated in Malaysia)

PROXY FORM

CDS account no. of authorised nominee

I/We ______________________________ (name of shareholder as per NRIC, in capital letters) NRIC No. ________________ (new) ________________ (old)/ID No./Company No. ________________ of ______________________________ (full address) being a member(s) of the abovenamed Company, hereby appoint ______________________________ (name of proxy as per NRIC, in capital letters) NRIC No. ________________ (new) ________________ (old) or failing him/her ______________________________ (name of proxy as per NRIC, in capital letters) NRIC No. ________________ (new) ________________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fouth Annual General Meeting of the Company to be held at the Concorde Ballroom, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 28 August 2019 at 11.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	- Re-election of Tan Sri Syed Mohd Yusof bin Tun Syed Nasir		
Ordinary Resolution 2	- Re-election of Dato' Hj Samsuri bin Rahmat		
Ordinary Resolution 3	- Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to determine their remuneration		
Ordinary Resolution 4	- Approval of Directors' fees and benefits		
Ordinary Resolution 5	- Continuing in office for YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as Independent Non-Executive Director		
Ordinary Resolution 6	- Continuing in office for Encik Mohammad Khayat bin Idris as an Independent Non-Executive Director		
Ordinary Resolution 7	- Proposed Renewal of Authority for Share Buy-Back		
Ordinary Resolution 8	- Authority to Issue Shares		
Special Resolution 1	- Proposed Alteration of the Existing Constitution by replacing with a New Constitution		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this .... day of 2019

Number of shares held	

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1	__________	________ %
Proxy 2	__________	________ %

____
Signature/Common Seal of Appointor

Contact No. of
Shareholder/Proxy: ______________________

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, participate, speak and vote on his behalf. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint 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.
3. Where a member of the Company is an exempt authorised nominee 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.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting.
6. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
7. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
8. Only members registered in the Record of Depositors as at 22 August 2019 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

\# Applicable to shares held through a nominee account.

Second fold here

Stamp

The Company Secretaries
YLI HOLDINGS BERHAD **(367249-A)**
45, Lorong Rahim Kajai 13,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

First fold here

YLI HOLDINGS BERHAD
Co. No. 367249-A

45, Lorong Rahim Kajai 13,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.
Tel : (603) 77222296
Fax : (603) 77222067

www.yli.com.my