YLI HOLDINGS BERHAD
Co. No. 367249-A

ANNUAL
REPORT
2017

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.

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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
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris

BOARD COMMITTEES

Audit Committee

Tuan Haji Ab Gani Bin Haron - *Chairman*
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Mohammad Khayat Bin Idris

Remuneration Committee

Mohammad Khayat Bin Idris - *Chairman*
Tuan Haji Ab Gani Bin Haron
Dato' Hj Samsuri Bin Rahmat

Nomination Committee

Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
- *Chairman*
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris

REGISTERED OFFICE

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

COMPANY SECRETARIES

Molly Gunn Chit Geok
MAICSA 0673097
Chew Siew Cheng
MAICSA 7019191

AUDITORS

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

SHARE REGISTRAR

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

PRINCIPAL BANKERS

AmBank (M) Berhad
AmInvestment Bank Berhad
Citibank 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
Stock Name : YLI
Stock Code : 7014

CORPORATE STRUCTURE

YLI HOLDINGS BERHAD
Co. No. 367249-A

- 37% PINANG WATER LTD.
- 100% YEW LEAN INDUSTRIES SDN. BHD.
- 51% LAKSANA WIBAWA SDN. BHD.
- 100% LOGAM UTARA (M) SDN. BHD.
- 70% HALUAN PRISMA SDN. BHD.
- 100% YEW LI FOUNDRY & CO SDN. BHD.
- 70% MRPI PIPES SDN. BHD.
- 100% YEW LEAN FOUNDRY & CO. SDN. BHD.
  - 100% ZENITH EASTERN (M) SDN. BHD.

MANAGEMENT DISCUSSION & ANALYSIS

GENERAL DESCRIPTION OF THE GROUP

YLI Holdings Berhad 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 Kidmat 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 2017 ("FY2017") was RM106.649 million as compared to RM128.235 million achieved in previous financial year ("FY2016"). While sales of pipes and fittings had improved by approximately 10.9% (i.e. from RM79.611 million to RM88.301 million), the Group's construction business had recorded much lower revenue (of RM18.214 million) as compared to previous year (of RM48.520 million), thus resulting in an overall decline in Group revenue. The lower construction revenue was primarily attributed to slower progress of the underlying projects.

Gross Profit

The gross profit for FY2017 was RM10.461 million as compared to RM8.249 million recorded in FY2016. This represents a 26.8% increase despite the lower Group revenue in FY2017. The improvement primarily reflects the economies of scale resulting from a higher manufacturing volume of the Group's pipes and fittings.

Other Income

Other income for FY2017 was RM1.703 million as compared to RM3.625 million registered in FY2016. The decrease in other income for FY2017 was mainly due to a much higher fair value gain and reversal on contingent consideration payable of RM2.560 million in FY2016 as compared to RM0.580 million in FY2017.

Share of Result of a Joint Venture

Share of result of a joint venture for FY2017 was RM7.362 million as compared to RM0.273 million in FY2016. The significant increase was owing to gain on disposal of the water treatment business in Yi Chun, China amounted to RM6.528 million as well as the realised gain on foreign exchange amounted to RM0.876 million upon full settlement of amounts due to the corporate shareholders.

MANAGEMENT DISCUSSION & ANALYSIS

Profit/(Loss) After Tax & Total Comprehensive Income/(Loss)

As a consequence of the reasons as given above, the Group recorded a Profit after Tax of RM3.592 million in FY2017 as compared to a Loss after Tax of RM4.226 million for FY2016. Coupled with a Currency translation loss of RM1.754 million for FY2017 (vis-à-vis a Currency translation gain of RM0.434 million in FY2016), the Total Comprehensive Income for FY2017 amounted to RM1.838 million (vis-à-vis a Total Comprehensive Loss of RM3.792 million for FY2016).

Equity Attributable to the Owners of the Company

The Equity attributable to the owners of the Company (i.e. YLI Holdings Berhad) increased from RM153.326 million as at the end of FY2016 to RM157.482 million as at the end of FY2017. The increase was due to the following:

a. Total Comprehensive Income of RM1.838 million for FY2017 (vis-à-vis Total Comprehensive Loss of RM3.792 million for FY2016); and
b. The issuance and listing of 1,490,046 new YLI shares as Earn-Out Incentive Shares to Zainuddin bin Othman as announced on 20 July, 27 July and 28 July 2016.

Gearing and Liquidity

Total short term and long term borrowings of the Group (defined to include finance lease payables, term loans and other bank borrowings, both long term and short term) as at the end of FY2017 amounted to RM25.473 million as compared to RM28.992 million as at the end of FY2016. Liquidity of the Group had also seen improvement as it recorded a Cash and cash equivalents of RM22.788 million as at the end of FY2017 as compared to RM7.684 million as at the end of FY2016.

Capital expenditure requirement

A total of RM2.436 million was expended during FY2017 to fulfill capital expenditure requirement and the amount to be expended within the next financial year is expected to be within the same range of RM2 million – RM3 million for the Group.

PROSPECTS

The Malaysian economy recorded a Gross Domestic Product (“GDP”) growth rate of 4.2% in 2016, down from 5.0% in 2015. Moving forward, the industry outlook for the Group’s business is expected to remain challenging. The ongoing removal of government subsidies and the influx of China’s iron and steel products in South East Asia following the relaxation of the Asean Free Trade Area (“AFTA”) regime will 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.

Following the initial award of 6 work packages (with a provisional contract sum of RM97.3 million) under the Langat 2 project for the development of water treatment plant and water reticulation system in Selangor Darul Ehsan and Wilayah Persekutuan Kuala Lumpur as announced on 24 Mar 2016, the Group is currently working hard to secure further work packages under the Langat 2 project.

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 directors proposed a first and final single tier dividend of 0.50 sen per ordinary share in respect of the current financial year. The proposed first and final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statement.

CORPORATE SOCIAL RESPONSIBILITY

While we strive to maximize shareholders' return through our core business activities, we also recognise our responsibility to our employees, business associates and the communities within which the Company operates.

Acknowledging employees as the key impetus which drives its business forward, the Group has always strived to safeguard the best interest of all its employees. The Group has a Safety Committee that ensures working conditions are in compliance with the Occupational Safety and Health Act 1994 (OSHA) requirements. Employees are also provided with all necessary trainings on an ongoing basis to enable them to meet the ever-changing business requirements. The Group has also implemented grievance procedures to ensure employee grievances would always be resolved professionally and in compliance with the prevailing laws governing industrial relations.

The Group adheres strictly to all environmental laws and regulations. Production processes are vigorously monitored and upgraded to ensure full compliance with the changing environmental laws and regulations. The Group also continuously seeks alternative methods to further enhance environmental protection through improvement in energy efficiency as well as minimization of industrial waste.

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	**106,649**	128,235	124,441	128,257	100,514
Profit/(Loss) Before Taxation	**3,613**	(3,951)	(1,251)	1,248	(3,923)
Profit/(Loss) After Taxation Attributed to Shareholders	**5,180**	(2,031)	(553)	955	(2,448)
Shareholders' Funds	**157,482**	153,326	154,923	151,629	149,906
Total Assets Employed	**240,587**	220,280	248,896	204,906	209,871
Profit/(Loss) After Taxation as a Percentage of Shareholders' Funds (%)	**3.3**	(1.3)	(0.4)	0.6	(1.6)
Basic/Diluted Earnings/(Loss) Per Share (sen)	**5.07**	(2.00)	(0.56)	0.97	(2.49)
Net Assets Per Share (RM)	**1.53**	1.51	1.53	1.54	1.52
No. of Shares in Issue (Net of Treasury Shares)	**102,830**	101,340	101,340	98,439	98,439

OUR PERFORMANCE

			2017 RM'000	2016 RM'000	% CHANGE
INCOME STATEMENT	Revenue		**106,649**	128,235	(16.83)
	Profit/(Loss) Before Taxation		**3,613**	(3,951)	*
	Profit/(Loss) After Taxation Attributed to Shareholders		**5,180**	(2,031)	*
BALANCE SHEET	Shareholders' Funds		**157,482**	153,326	2.71
	Total Assets Employed		**240,587**	220,280	9.22
RATIOS	Current Ratio	times	**2.05**	2.02	1.49
	Return on Equity	%	**3.29**	(1.32)	*
	Return on Total Assets	%	**2.15**	(0.92)	*
	Financial Leverage Ratio	times	**0.16**	0.19	(15.79)
	Basic/Diluted Earnings/(Loss) Per Share	sen	**5.07**	(2.00)	*
	Net Tangible Asset Per Share	RM	**1.53**	1.51	1.32
	31 March Closing Price	RM	**0.465**	0.60	(22.50)

* Not Applicable/Comparable

BOARD OF DIRECTORS

ENCIK MOHAMMAD KHAYAT IDRIS
Independent Non-Executive Director

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE LAIDIN
Independent Non-Executive Director

TAN SRI SYED MOHD YUSOF TUN SYED NASIR
Independent Non-Executive Chairman


TUAN HAJI AB GANI HARON
Independent Non-Executive Director
TUAN HAJI ALI SABRI AHMAD
Non-Independent Executive Director
MR. SEAH HENG CHIN
Non-Independent Executive Director
DATO' HJ. SAMSURI RAHMAT
Managing Director
Non-Independent Executive Director

PROFILE OF DIRECTORS

TAN SRI SYED MOHD YUSOF TUN SYED NASIR
Malaysian, male, aged 69
Independent Non-Executive Chairman

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

After graduating with a Bachelor of Economics majoring in Accountancy, Tan Sri Syed Mohd Yusof started his career with Petronas. He served in various positions there, rising to Head of Northern Region before leaving Petronas to venture into business. He was formerly the Chairman of Southern Bank Berhad and Killinghall (Malaysia) Bhd, a former Director of Southern Finance Berhad and AM Trustee Berhad. Currently he sits on the Board of Titijaya Land Berhad and several private limited companies.

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 three out of four Board Meetings for the financial year ended 31 March 2017.

DATO' HJ. SAMSURI RAHMAT
Malaysian, male, aged 62
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 is a member of the Remuneration Committee of YLI Holdings Berhad. 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 2017.

PROFILE OF DIRECTORS

TUAN HAJI ALI SABRI AHMAD
Malaysian, male, aged 60
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 organisations 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 2017.

MR. SEAH HENG CHIN
Malaysian, male, aged 43
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 Group.

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 2017.

PROFILE OF DIRECTORS

TUAN HAJI AB GANI HARON

Malaysian, male, aged 66
Independent Non-Executive Director

Tuan Haji Ab Gani Haron was appointed to the Board on 9 June 2008. 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 Economics (Honors) degree from Universiti Malaya in 1976 and obtained his Diploma Perakaunan from Universiti Malaya in 1977. He is also a qualified member of Malaysian Institute of Accountants.

He has over thirty years of working experience in civil service. He started his career as an accountant in the Accountant General's office. He had since held various key positions in the Accountant General's office. He was the Deputy Accountant General (Operations) in the Accountant General's office until November 2007. He sits on the Board of Censof Holdings Berhad and Amanah Raya (Labuan) Limited.

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 2017.

ENCIK MOHAMMAD KHAYAT IDRIS

Malaysian, male, aged 64
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 the 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 organisation. Prior to his appointment as a Director of YLI, 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 2017.

PROFILE OF DIRECTORS

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE LAIDIN

Malaysian, male, aged 74
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 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 Organisations.

He is currently Chairman of Universiti Teknologi MARA, 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, a Board Member of Open University Malaysia and Meteor Learning Sdn. Bhd. He is also Chairman and Director of Malay Education and Development Research Institute, an NGO. He also serves on the Board of UNITEN.

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 2017.

SENIOR MANAGEMENT TEAM

HAJI RUZLAN BIN HAJI RAHMAT
Malaysian, male, aged 57
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.

IR YUSFI BIN HAJI MOHAMED YUSOF
Malaysian, male, aged 51
Senior Manager (Business Development – MD's Office), Yew Lean Foundry & Co Sdn Bhd

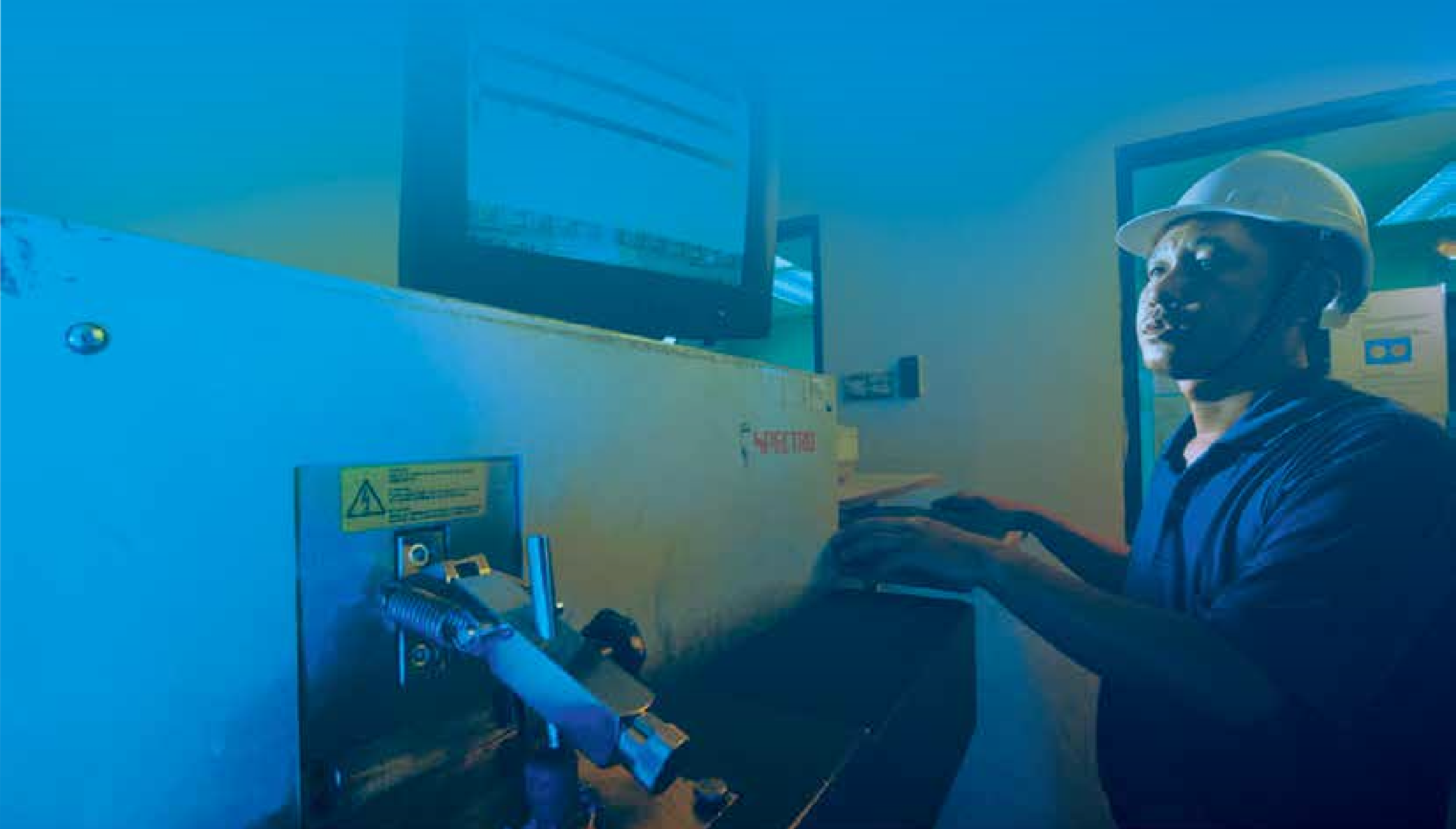
Ir Yusfi bin Haji Mohamed Yusof is a Senior Manager (Business Development – MD's Office) of Yew Lean Foundry & Co Sdn Bhd, a 100% owned subsidiary of YLI Holdings Berhad. He is primarily responsible for the day to day running of the Group's construction business. He holds a Master of Science in Integrated Construction Project Management from University of Technology MARA and a Bachelor of Science in Civil Engineering from Arkansas State University, USA.

He has over 25 years of extensive working experience in the development and construction industry. He started his career as a Project Engineer in Arizah Construction Sdn Bhd in 1989 and has since held key positions in various construction companies, including as Senior Manager in TPPT Sdn Bhd, a property division owned by Bank Negara Malaysia. Prior to joining Yew Lean Foundry & Co Sdn Bhd, he was the General Manager (Yard Development & Infrastructure) in TH Heavy Engineering Berhad. He joined Yew Lean Foundry & Co Sdn Bhd as Senior Manager (Business Development – MD's Office) in 2016 and was tasked to supervise the daily running of Haluan Prisma Sdn Bhd, the construction arm of the Group.

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 2017	
ANNUAL GENERAL MEETING	30 August 2017	
ANNOUNCEMENT OF RESULTS	**First Quarter**	30 August 2016
	Second Quarter	29 November 2016
	Third Quarter	28 February 2017
	Fourth Quarter	30 May 2017
ANNUAL REPORT	**Date of Issuance**	28 July 2017



STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out broad principles and specific recommendations on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors of YLI Holdings Berhad ("the Board") has always recognised the importance of adopting good corporate governance. The Board is committed to ensure that the highest standards of corporate governance are practised throughout the Group. The Board views this as a fundamental part of its responsibilities to protect and enhance shareholders' value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the recommendations of good governance as set out in the Code throughout the year save where otherwise identified.

The statement below sets out how the Group has applied the eight (8) principles and the extent of its compliance with the twenty six (26) recommendations throughout the financial year ended 31 March 2017.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Establish clear functions reserved for the board and delegation to management

The Board which is responsible for the control and proper management of the Company comprises members with a wide range of experience in fields such as accounting, marketing, financial and management operations, engineering, corporate planning, restructuring and construction. The Board has delegated specific responsibilities to three main committees namely the Audit, Remuneration and Nomination Committees, which operate within approved terms of reference. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however lies with the entire Board.

1.2 Clear roles and responsibilities in discharging fiduciary and leadership functions

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business and industry. The current Board consists of three Executive Directors and four Independent Non-Executive Directors. The Independent Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Together they play an important part in the process of deliberating and examining business strategies proposed by the Management, taking into account the long term interest of the Company, its shareholders, employees, customers and other stakeholders.

There is a clear division of responsibility between the Chairman and the Managing Director. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

1.3 The Board should formalise ethical standards through a code of conduct and ensure its compliance

The Board has formalised a Code of Conduct for its directors which is incorporated in the Board Charter. The Board would periodically review the said Code of Conduct.

As part of our ongoing effort in promoting good corporate governance and ensuring best practices are adopted where applicable/practicable, the Company has also adopted a Whistle Blowing Policy. The Board encourages their employees and stakeholders to raise genuine concern on unethical behavior such as fraud, corruption, criminal offences and miscarriage of justice or endangerment of an individual's health and safety that is taken place to the Board. The various channels of reporting have been put in place allowing employees or stakeholders report directly to the Chairman or Managing Director or Chairman of Audit Committee of the Company. All reports will be investigated promptly and appropriate course of action will be taken accordingly.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.4 The Board should ensure that the company's strategies promote sustainability

The Board will pay more attention into the aspects of environment, social and governance (ESG) to implement more in the near future to ensure the long-term sustainability of the Company's business.

1.5 The Board should have procedures to allow its members access to information and advice

The Board recognized that the information furnished to the Board play crucial parts in the directors' decision making process. Therefore, all directors have full, unrestricted and timely access to all information necessary for the discharge of their responsibilities. All Directors are provided with an agenda and a set of Board papers issued in sufficient time i.e. at least seven (7) days prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of annual and quarterly results, acquisitions and disposals of assets that are material to the Group, major investments, dividend recommendations, risk management policies, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Company. All Directors have access to the advice, dedicated support and services of the Company Secretaries and may obtain independent professional advice at the Company's expense in furtherance of their duties.

At Board meetings, the Management updates the Board on the business and market factors relevant to the Group.

1.6 The Board should ensure it is supported by a suitably qualified and competent company secretary

The Board is supported by two experienced and competent Company Secretaries who are qualified to act as company secretaries under Section 236(1) of the Companies Act 2016. They are the members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are responsible for ensuring full compliance of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Memorandum and Articles of Association and any other procedures, applicable rules and regulations by the Company.

The Company Secretaries advise the Board from time to time on any updates relating to new statutory and regulatory requirements regarding to the duties of the Directors. The Company Secretaries organise and attend all Board meetings, Board Committee meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of Company Secretaries and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The Company Secretaries have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA to obtain the practicing certificate.

1.7 The Board should formalise, periodically review and make public its board charter

The Board is guided by a Board Charter which sets out the principles governing the Board of Directors and management on their roles and responsibilities with the aims of preserving the concept of sound corporate governance practices towards transparency, accountability and effectiveness in operation of the business.

The Board will periodically review the Board Charter and make any changes whenever necessary. The Board Charter is made available for reference at the corporate website: www.yli.com.my. The last review on the Board Charter by the Board was on 30 May 2017.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION

2.1 The Board should establish a Nominating Committee which should comprise exclusively of non-executive directors, a majority of whom must be independent

The Nomination Committee consists of not less than three (3) members and all members are Non-Executive Directors and are independent. The present Nomination Committee comprises Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin (Senior Independent Non-Executive Director) who is the Chairman, Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director) and Encik Mohammad Khayat bin Idris (Independent Non-Executive Director).

The Company currently does not have any gender, ethnicity and age policy or target. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. Nevertheless, the Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women in the composition of the Board. The Board will endeavor to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board.

During the financial year ended 31 March 2017, the Committee 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) Recommended on the re-appointment of a director under Section 129(6) of the Companies Act, 1965.
(5) Assessed the independence of independent directors.
(6) Reviewed the Terms of Reference of Nomination Committee and recommended the relevant amendments thereto.

2.2 The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three 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.

During the financial year the Nomination Committee assessed the Directors and Board Committees, reviewed the composition and effectiveness of the Board and Board Committees and was satisfied that they had carried out their functions within their scope of work.

During the financial year ended 31 March 2017, the Nomination Committee held one (1) meeting.

Annual Assessment

The Nomination Committee conducted the assessment on the performance of the Board and Board's Committee as well as the performance of the individual Director annually. Each Director is required to complete the Director's Performance Evaluation Self-Assessment Form to assess their own level of integrity, commitment and ethics, governance, business acumen, judgement and decision making, communication, strategic perspective, teamwork and leadership. In addition, the evaluation of the Board Committees would be carried out by the respective Chairman and each independent director is required to complete the independent directors' self-assessment checklist.

The Nomination Committee reviewed and agreed on the evaluation forms and report to the Board the performance and effectiveness of the Board and Board Committees and the independence of the Independent Directors.

During the financial year ended 31 March 2017, the assessment was conducted on 30 May 2016 and all directors participated in the assessment.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

2.3 The Board should establish formal and transparent remuneration policies and procedures to attract and retain directors

Remuneration Committee

The remuneration Committee shall consist of not fewer than 3 members. The present Remuneration Committee comprises Encik Mohammad Khayat bin Idris (Chairman) who is an Independent Non-Executive Director, Dato' Hj Samsuri bin Rahmat (Managing Director) and Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director).

During the financial year ended 31 March 2017, the Remuneration Committee held three (3) meetings.

Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of Executive 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. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting. Individual Director is prohibited in participation of his own remuneration.

Details of the Directors' remuneration

The aggregate remuneration of the Directors during the financial year ended 31 March 2017 is set out below:-

A. Aggregate Remuneration

	Group		Company	
	Executive Directors RM	Non-Executive Directors RM	Executive Directors RM	Non-Executive Directors RM
Fees	101,000.00	24,000.00	51,000.00	24,000.00
Salaries	1,275,307.94	-	-	-
Bonus	314,840.01	-	-	-
Benefits in kind	159,216.65	185,950.00	20,000.00	160,000.00
Other benefits	239,523.00	485,000.00	-	485,000.00
Total	**2,089,887.60**	**694,950.00**	**71,000.00**	**669,000.00**

B. Band (RM)

	Group		Company	
Band (RM)	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
0 – 50,000	-	-	3	-
50,001 – 100,000	-	3	-	3
350,001 – 400,000	-	-	-	-
450,001 – 500,000	1	-	-	1
500,001 – 550,000	1	1	-	-
1,050,001 – 1,100,000	1	-	-	-

The Board feels that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3: REINFORCE INDEPENDENCE

3.1 The Board should undertake an assessment of its independent directors annually

The Board is responsible for ensuring that the independent directors are capable to exercise their independent judgement and provide necessary check and balances in the best interests of the Group.

In line with Recommendation 3.1 of the MCCG 2012 whereby the Board is required to develop criteria to assess independence of directors annually, the Board has adopted the same criteria used in the definition of "independent directors" prescribed by the MMLR of Bursa Securities.

The Independent Directors of the Company fulfilled the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

The Nomination Committee carried out the board evaluation of every directors' performance and assessed the independence of the independent directors annually based on the developed criteria. The assessment of the Independent Directors were carried out by the Nomination Committee at the Nomination Committee Meeting on 30 May 2016. The Nomination Committee was satisfied that the independent Directors were still remained their independence.

3.2 The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director

The Board is aware that the tenure of an Independent Director which should not exceed a cumulative term of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the cumulative term of nine (9) years.

3.3 The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years

Subject to the assessment of the Nomination Committee and the shareholders' approval, the Board may retain an Independent Director who has served nine (9) years or more on the Board.

The Nomination Committee had assessed the independence of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who has served on the Board as Independent Non-Executive Director and will reach the nine (9) year term limit on 23 February 2018. The Nomination had also assessed the independence of Encik Mohammad Khayat bin Idris who has served on the Board as an Independent Non-Executive Director 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.

Accordingly, the Board is making recommendation to shareholders for approval at the forthcoming Annual General Meeting of the Company that YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin and Encik Mohammad Khayat bin Idris remain as Independent Non-Executive Directors.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3: REINFORCE INDEPENDENCE (CONT'D)

3.4 The positions of chairman and CEO should be held by different individuals, and the chairman must be a non-executive member of the Board

The Chairman and the Group Managing Director are held by different individuals and the Chairman is a non-executive member of the Board. There is a clear delegation of responsibility between the Chairman, Tan Sri Syed Mohd Yusof Tun Syed Nasir and Group Managing Director, Dato' Hj Samsuri bin Rahmat to ensure the balance of the power and authority held by two different individuals.

The Chairman is primarily responsible for orderly conduct and function of the Board whereas the Group Managing Director is responsible for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions.

The role of the Chairman and the Managing Director are more particularly set out in the Board Charter which is made available in the Company's website at www.yli.com.my.

3.5 The board must comprise a majority of independent directors where the chairman of the board is not an independent director

The Board presently consists of three Executive Directors and four Independent Non-Executive Directors. Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir is an Independent Non-Executive Chairman. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities. The Nomination Committee has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

PRINCIPLE 4: FOSTER COMMITMENT

4.1 The Board should set out expectations on time commitment for its members and protocols for accepting new directorship

All Directors of the Company do not hold more than 5 directorships under paragraph 15.06 of the MMLR of Bursa Securities.

The Board meets on a scheduled basis at least four times a year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, dividend recommendations, major acquisitions and disposals, major capital expenditure, risk management policies, appointment of Directors are discussed and decided by the Board.

During the financial year ended 31 March 2017, four (4) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		May '16	Aug '16	Nov '16	Feb '17		
	Directors	Position	Attendance				Total	%
1	Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	Non-Executive Chairman	-	•	•	•	3/4	75
2	Dato' Hj Samsuri bin Rahmat	Managing Director	•	•	•	•	4/4	100
3	Tuan Haji Ali Sabri bin Ahmad	Executive Director	•	•	•	•	4/4	100
4	Seah Heng Chin	Executive Director	•	•	•	•	4/4	100
5	Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Director	•	•	•	•	4/4	100
6	Tuan Haji Ab Gani bin Haron	Director	•	•	•	•	4/4	100
7	Mohammad Khayat bin Idris	Director	•	•	•	•	4/4	100

Total number of meetings held: 4

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

4.2 The board should ensure its members have access to appropriate continuing education programmes

As required under the MMLR of Bursa Securities, 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 2017, 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 Tuan Haji Ab Gani bin Haron Mohammad Khayat bin Idris	Key Amendments to Listing Requirements 2016	2 hours

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 The Audit Committee should ensure financial statements comply with applicable financial reporting standards

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of financial results. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act 2016 and the Listing Requirements of the Bursa Securities have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensive assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

5.1 The Audit Committee should ensure financial statements comply with applicable financial reporting standards (cont'd)

Related party transactions and conflict of interest situations

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board through its Audit Committee, reviews and reports to the Board any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and any general meeting convened to consider such matters.

5.2 The Audit Committee should have policies and procedures to assess the suitability and independence of external auditors

The Audit Committee assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs / opinions from the Company's personnel who had constantly contacted the external audit team throughout the year would also be used as a tool in the judgment of the suitability of the external auditor.

The External Auditors, in supporting their independence, will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual Audit Plan and Audit Review Memorandum presented to the Audit Committee of the Company during the financial year.

The external auditors of the Company fulfill an essential role on behalf of Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group.

The external auditors have an obligation to bring to the attention of the Board of Directors, the Audit Committee and Company management any significant deficiency in the Group's systems of financial reporting, internal control in relation to the preparation of financial statements and compliance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The external auditors of the Company are invited to attend at least two (2) meetings with the Audit Committee a year to discuss their audit plan and audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private sessions with the external auditors without the presence of the management to enable exchange of views on issues requiring attention.

During the financial year, the amount of audit fee and non-audit fee paid to the External Auditors by the Company and the Group for the financial year ended 31 March 2017 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	152,167	51,958
Non-Audit Fees	24,380	8,480

The non-audit fees were in respect of annual review of the Statement of Risk Management and Internal Control, realised and unrealised profit, tax services, Hot Rolled Coil verification and TNB Tariff.

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

6.1 The Board should establish a sound framework to manage risks

The Board continues to review and evaluate the effectiveness of the Group's internal control system by formalising the whistle blowing policy and the corporate risk management system has been put in place to safeguard the shareholders' investment and the Group's assets. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

6.2 The Board should establish an internal audit function which reports directly to the Audit Committee

The Company's internal audit function is carried out by outsourced external advisor who assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.

The Statement on Risk Management and Internal Control as set out on pages 29 to 30 provides an overview of the state of internal controls within the Group.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 The board should ensure the company has appropriate corporate disclosure policies and procedures

The Board ensures that the disclosure of material information pertaining to the Group's performance and operations to the public is in accordance with the disclosure requirements under the MMLR of Bursa Securities and other applicable laws and regulations. The Board encouraged the voluntary disclosure of its business to ensure the Company has a better corporate governance quality.

The top management is responsible to monitor the operations of the Group and to make necessary announcement on material information that will affect the decision making of the Board to the public in timely manner.

7.2 The board should encourage the company to leverage on information technology for effective dissemination of information

The Board encourages the public to access the Company's website to obtain information such as Company's announcements, annual report, financial information, share price and the corporate structure.

Shareholders and members of the public are invited to access the Company's website at www.yli.com.my and Bursa Securities website at www.bursamalaysia.com to obtain the latest information on the Group.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 The board should take reasonable steps to encourage shareholder participation at general meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. The notice of the AGM and the Annual Reports are sent to shareholders at least 21 days before the date of the meeting. The notice of the AGM is also published in a national newspaper and released to the Bursa Securities for public dissemination. Members of the Board and external auditors are invited to be present at the AGM to answer questions raised at the meeting.

8.2 Poll voting

With effect from 1 July 2016, all resolutions set out in the notice of general meetings will be carried out by poll voting. The Board will make an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

8.3 The board should promote effective communication and proactive engagements with shareholders

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through the Bursa Malaysia LINK, press releases and annual reports. The Company also endeavours to meet requests for meetings from institutional investors and analysts for a better understanding on the Group's strategy and financial performance, all within the legal and regulatory framework in respect of the release of information.

Any queries and concerns regarding the Group may be conveyed to the following person:-

Tuan Haji Ab Gani Bin Haron, Independent Non-Executive Director
Telephone number : 03 -77222296
Facsimile number : 03 -77222057
Email address : corporate@yli.com.my

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.

Conviction for offences

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

Compliance Statement

The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance has been explained and the reasons thereof has been included in this Statement.

This Statement was approved by the Board of Directors on 30 May 2017.

AUDIT COMMITTEE REPORT

Chairman

Tuan Haji Ab Gani bin Haron*
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

*** Member of MIA***

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 2017, four (4) Audit Committee meetings were held.

The attendance of each member is set out below:

Committee Members	Position	May '16	Aug '16	Nov '16	Feb '17	Total	%
		Attendance					
Tuan Haji Ab Gani bin Haron	Chairman	•	•	•	•	4/4	100
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Member	•	•	•	•	4/4	100
Mohammad Khayat bin Idris	Member	•	•	•	•	4/4	100

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 2017 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 MMLR. The quarterly financial results for the 4th quarter ended 31 March 2016, 1st quarter ended 30 June 2016, 2nd quarter ended 30 September 2016 and 3rd quarter ended 31 December 2016 were reviewed by the AC at their meetings held on 30 May 2016, 30 August 2016, 29 November 2016 and 28 February 2017.

2. At the AC Meeting held on 30 May 2016, the AC discussed with the external auditors their Audit Review Memorandum where areas of audit concern were highlighted and deliberated and the audit issues were resolved. 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 2016 Annual Report. The AC also approved the Internal Audit Plan for 2017. The AC also recommended the external auditors to be re-appointed at the annual general meeting of the Company to be held in 2016. The AC also reviewed the revised Terms of Reference of the AC and recommended to the Board for approval.

3. At the AC Meeting held on 30 August 2016, the AC reviewed and discussed the Enterprise Risk Management Report presented by the Internal Auditors.

AUDIT COMMITTEE REPORT

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

4. The AC held two special meetings with the external auditors without the presence of management on 30 May 2016 and 29 November 2016 to determine whether there were any significant issues or unusual items which had arisen in their audit. There was no significant issue raised by the external auditors. At the special meeting with the external auditors on 30 May 2016, the AC was informed that the management was co-operative during their audit for the financial year ended 31 March 2016.

5. 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 year ended 31 March 2017.

6. At their meeting held on 28 February 2017, the AC reviewed and approved the External Audit Plan for the year ended 31 March 2017 and were briefed by the external auditors on the risk assessment and audit approach. The AC also reviewed and discussed with the external auditors their External Audit Plan for the year ended 31 March 2017. The external auditors updated the AC on the new and revised Independent Auditor's Report and the key amendments of Bursa Malaysia Securities Berhad's Listing Requirements, in particular the inclusion of a section on "Key Audit Matters" ("KAM") in the audit report which will be compulsory for listed entities as well as other requirements introduced, including specific statements about going concern in the auditors' report and the inclusion of an affirmative statement about the auditors' independence and fulfilment of relevant ethical responsibilities and the listed issuers are required to make an immediate announcement of any modified opinion or material uncertainty related to going concern in an auditor's report which includes KAM together with steps taken to address them. 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.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function has been outsourced since June 2008. The total costs incurred for internal audit amounted to RM72,366 for the year ended 31 March 2017.

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 2017 in accordance with their Internal Audit Plan and a summary of their activities are as follows:-

a. On 30 May 2016, the Internal Auditor presented to the AC their report on internal control review of Procure to Pay cycle of Haluan Prisma Sdn. Bhd.

b. On 30 August 2016, the Internal Auditor presented to the AC their report on internal control review of Conversion and Production cycle of Yew Lean Foundry & Co. Sdn. Bhd. 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 2016, the Internal Auditor presented to the AC their report on internal control review on the Fixed Asset Management of Laksana Wibawa Sdn. Bhd. The internal auditors informed the Audit Committee that all previous findings have been implemented accordingly except for one finding which is still under progress.

d. On 28 February 2017, the Internal Auditor presented to the AC their report on internal control review on the Sales to Receipt & Logistic Management cycle of MRPI Pipes Sdn. Bhd. The internal auditors informed the Audit Committee that all previous audit findings have been implemented accordingly except for three findings which are still under progress.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2012 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 of Bursa Malaysia Securities Berhad.

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

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board has received assurance from Group Managing Director and Executive Director - Group Finance & 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 2017. 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 30 May 2017.

DIRECTORS' RESPONSIBILITY STATEMENT
IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

Under the Companies Act 2016, the Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company. In preparing the financial statements, the Directors have:-

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made accounting estimates where applicable that are prudent, just and reasonable; and
- ensured that the Company has taken reasonable steps to deter and minimize 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 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of 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 set out in Note 12 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
Profit for the financial year	**3,592**	11,084
Profit attributable to:		
Owners of the Company	**5,180**	11,084
Non-controlling interests	**(1,588)**	-
	3,592	11,084

DIVIDEND

At the forthcoming Annual General Meeting, a single tier first and final dividend of 0.5 sen per ordinary share, amounting to RM514,754 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2018.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown 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 have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company.

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 realise 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 liability 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 AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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, the Company issued 1,490,046 new ordinary shares at RM1 per ordinary share to satisfy the remaining purchase consideration for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. pursuant to a sale and purchase agreement dated 7 August 2014.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of 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 (2016: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2016: RM107,620).

As at 31 March 2017, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2016: 101,339,827) shares.

DIRECTORS OF THE COMPANY

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
TUAN HAJI AB GANI BIN HARON
MOHAMMAD KHAYAT BIN IDRIS
TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE BIN LAIDIN
SEAH HENG CHIN

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of the Group's and the Company's directors' remuneration are disclosed in Note 8 to the financial statements.

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 1.4.2016 '000	BOUGHT '000	SOLD '000	AT 31.3.2017 '000
Deemed Interest				
Dato' Hj. Samsuri bin Rahmat *	29,568	2,942	-	32,510
Tuan Haji Ali Sabri bin Ahmad *	29,568	2,942	-	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 shares 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 8 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 whose 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 the Company's subsidiaries are disclosed in Note 12 to the financial statements.

AUDITORS' REMUNERATION

The details of the Group's and the Company's auditors' remuneration are disclosed in Note 7 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, 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: 6 July 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2017

		GROUP		COMPANY	
	NOTE	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	4	**106,649**	128,235	**11,632**	214
Cost of sales	5	**(96,188)**	(119,986)	**-**	-
Gross profit		**10,461**	8,249	**11,632**	214
Other income		**1,703**	3,625	**619**	2,560
Selling and distribution expenses		**(3,032)**	(2,973)	**-**	-
Administrative expenses		**(10,796)**	(11,416)	**(1,139)**	(1,053)
		(13,828)	(14,389)	**(1,139)**	(1,053)
(Loss)/Profit from operations		**(1,664)**	(2,515)	**11,112**	1,721
Finance costs	6	**(2,085)**	(1,709)	**-**	-
Share of results of a joint venture		**7,362**	273	**-**	-
Profit/(Loss) before tax	7	**3,613**	(3,951)	**11,112**	1,721
Tax expense	9	**(21)**	(275)	**(28)**	-
Profit/(Loss) for the financial year		**3,592**	(4,226)	**11,084**	1,721
Other comprehensive (loss)/ income, net of tax					
Items that may be subsequently reclassified to profit or loss:					
Share of foreign currency translation of a joint venture		**(1,754)**	434	**-**	-
Total comprehensive income/ (loss) for the financial year		**1,838**	(3,792)	**11,084**	1,721
Profit/(Loss) attributable to:					
Owners of the Company		**5,180**	(2,031)	**11,084**	1,721
Non-controlling interests		**(1,588)**	(2,195)	**-**	-
		3,592	(4,226)	**11,084**	1,721
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		**3,426**	(1,597)	**11,084**	1,721
Non-controlling interests		**(1,588)**	(2,195)	**-**	-
		1,838	(3,792)	**11,084**	1,721
Earnings/(Loss) per share attributable to owners of the Company (sen):					
- Basic	10	**5.07**	(2.00)		
- Diluted	10	**5.07**	(2.00)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**85,170**	88,541	**-**	-
Investment in subsidiaries	12	**-**	-	**74,000**	59,389
Investment in a joint venture	13	**131**	14,015	**-**	8,065
Intangible assets	14	**1,626**	1,626	**-**	-
		86,927	104,182	**74,000**	67,454
Current assets					
Inventories	16	**52,139**	42,839	**-**	-
Trade receivables	15	**56,761**	46,302	**-**	-
Amount due from customers for contract works	23	**8,525**	4,707	**-**	-
Other receivables, deposit and prepayments	17	**3,732**	5,059	**62**	61
Tax recoverable		**488**	391	**-**	1
Deposits, cash and bank balances		**32,015**	16,800	**7,005**	3,040
		153,660	116,098	**7,067**	3,102
TOTAL ASSETS		**240,587**	220,280	**81,067**	70,556
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**110,159**	101,461	**110,159**	101,461
Treasury shares	18	**(108)**	(108)	**(108)**	(108)
Reserves	19	**47,431**	51,973	**(30,515)**	(33,631)
Equity attributable to owners of the Company		**157,482**	153,326	**79,536**	67,722
Non-controlling interests		**(381)**	1,207	**-**	-
Total Equity		**157,101**	154,533	**79,536**	67,722
Liabilities					
Non-current liabilities					
Deferred tax liabilities	20	**5,480**	5,668	**-**	-
Contingent consideration payables	26	**1,395**	1,800	**1,395**	1,800
Finance lease payables	27	**1,615**	819	**-**	-
		8,490	8,287	**1,395**	1,800
Current liabilities					
Trade payables	21	**23,070**	22,322	**-**	-
Other payables, deposit and accruals	22	**27,179**	4,693	**130**	129
Amount due to customers for contract works	23	**882**	1,266	**-**	-
Contingent consideration payables	26	**-**	905	**-**	905
Term loans	24	**-**	2,312	**-**	-
Short-term borrowings	25	**23,494**	25,647	**-**	-
Finance lease payables	27	**364**	214	**-**	-
Tax payable		**7**	101	**6**	-
		74,996	57,460	**136**	1,034
Total Liabilities		**83,486**	65,747	**1,531**	2,834
TOTAL EQUITY AND LIABILITIES		**240,587**	220,280	**81,067**	70,556

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2017

2016	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	ATTRIBUTABLE TO OWNERS OF THE COMPANY								
At 1 April 2015	101,461	(108)	7,208	(707)	2,289	44,780	154,923	3,402	158,325
Comprehensive loss									
Loss for the financial year	-	-	-	-	-	(2,031)	(2,031)	(2,195)	(4,226)
	-	-	-	-	-	(2,031)	(2,031)	(2,195)	(4,226)
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	434	-	434	-	434
Total other comprehensive income	-	-	-	-	434	-	434	-	434
Total comprehensive income/(loss) for the financial year	-	-	-	-	434	(2,031)	(1,597)	(2,195)	(3,792)
At 31 March 2016	101,461	(108)	7,208	(707)	2,723	42,749	153,326	1,207	154,533

2017	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	NON-DISTRIBUTABLE CAPITAL RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	ATTRIBUTABLE TO OWNERS OF THE COMPANY								
At 1 April 2016	**101,461**	**(108)**	**7,208**	**(707)**	**2,723**	**42,749**	**153,326**	**1,207**	**154,533**
Comprehensive income									
Issuance of ordinary shares	**1,490**	**-**	**-**	**(760)**	**-**	**-**	**730**	**-**	**730**
Profit/(Loss) for the financial year	**-**	**-**	**-**	**-**	**-**	**5,180**	**5,180**	**(1,588)**	**3,592**
Transition to no par value regime [1]	**7,208**	**-**	**(7,208)**	**-**	**-**	**-**	**-**	**-**	**-**
	8,698	**-**	**(7,208)**	**(760)**	**-**	**5,180**	**5,910**	**(1,588)**	**4,322**
Other comprehensive loss									
Foreign currency translation differences	**-**	**-**	**-**	**-**	**(1,754)**	**-**	**(1,754)**	**-**	**(1,754)**
Total other comprehensive loss	**-**	**-**	**-**	**-**	**(1,754)**	**-**	**(1,754)**	**-**	**(1,754)**
Total comprehensive income/(loss) for the financial year	**8,698**	**-**	**(7,208)**	**(760)**	**(1,754)**	**5,180**	**4,156**	**(1,588)**	**2,568**
At 31 March 2017	**110,159**	**(108)**	**-**	**(1,467)**	**969**	**47,929**	**157,482**	**(381)**	**157,101**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2017

	ATTRIBUTABLE TO OWNERS OF THE COMPANY					
			NON-DISTRIBUTABLE			
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	CAPITAL RESERVE RM'000	SHARE PREMIUM RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 2015	101,461	(108)	(707)	7,208	(41,853)	66,001
Profit for the financial year	-	-	-	-	1,721	1,721
At 31 March 2016/ 1 April 2016	101,461	(108)	(707)	7,208	(40,132)	67,722
Issuance of shares	1,490	-	(760)	-	-	730
Profit for the financial year	-	-	-	-	11,084	11,084
Transition to no par value regime [1]	7,208	-	-	(7,208)	-	-
At 31 March 2017	**110,159**	**(108)**	**(1,467)**	**-**	**(29,048)**	**79,536**

[1] Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months upon the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transition.

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**3,613**	(3,951)	**11,112**	1,721
Adjustments for:					
Amortisation of intangible assets		**-**	266	**-**	-
Accretion of interest of retention receivables		**-**	(489)	**-**	-
Depreciation of property, plant and equipment		**5,731**	5,799	**-**	-
Dividends income		**-**	-	**(11,388)**	-
Interest income		**(544)**	(527)	**(134)**	(104)
Interest expense		**2,085**	1,709	**-**	-
Fair value gain on contingent consideration		**(580)**	(2,560)	**(580)**	(2,560)
Gain on disposal of property, plant and equipment		**(28)**	-	**-**	-
Impairment loss on trade receivables		**-**	113	**-**	-
Reversal of impairment loss on other receivables		**(91)**	(25)	**-**	-
Share of results from a joint venture		**(7,362)**	(273)	**-**	-
Unrealised (gain)/loss on foreign currency		**(115)**	216	**11**	-
Written off of property, plant and equipment		**-**	4	**-**	-
Operating profit/(loss) before changes in working capital		**2,709**	282	**(979)**	(943)
Changes in working capital:					
Inventories		**(9,300)**	(6,734)	**-**	-
Trade and other receivables		**(8,948)**	26,502	**(1)**	1
Trade and other payables		**23,187**	(24,254)	**1**	(187)
Contract customers		**(4,202)**	(3,606)	**-**	-
Net cash flows generated from/(used in) operations		**3,446**	(7,810)	**(979)**	(1,129)
Income tax paid		**(412)**	(1,012)	**(21)**	(1)
Income tax refund		**11**	245	**-**	3
Interest received		**521**	527	**134**	104
Net cash flows from/(used in) operating activities		**3,566**	(8,050)	**(866)**	(1,023)
Cash flows from investing activities					
(Advances to)/Repayments from subsidiaries		**-**	-	**(14,611)**	1,031
Dividends received		**11,388**	-	**11,388**	-
Purchase of property, plant and equipment		**(1,195)**	(2,668)	**-**	-
Proceeds from disposal of property, plant and equipment		**104**	20	**-**	-
Withdrawal/(Placement) of fixed deposits with licensed bank		**749**	(5,000)	**-**	-
Repayments from/(Advances to) joint venture		**8,104**	(433)	**8,065**	-
Net cash from/(used in) investing activities		**19,150**	(8,081)	**4,842**	1,031

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2017

	NOTE	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Cash flows from financing activities					
Interest paid		**(1,991)**	(1,490)	**-**	-
Net (repayment)/drawdown of short-term borrowing		**(1,944)**	6,367	**-**	-
Repayment of term loan		**(2,312)**	(4,617)	**-**	-
Repayment of finance lease		**(295)**	(210)	**-**	-
Placement of sinking fund		**(1,052)**	-	**-**	-
Placement of deposits pledged for credit facilities		**(63)**	(168)	**-**	-
Net cash flows used in financing activities		**(7,657)**	(118)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**15,059**	(16,249)	**3,976**	8
Cash and cash equivalents at beginning of financial year		**7,684**	23,622	**3,040**	3,032
Effects of exchange rate changes on cash and cash equivalent		**45**	311	**(11)**	-
Cash and cash equivalents at end of the financial year		**22,788**	7,684	**7,005**	3,040

CASH AND CASH EQUIVALENTS

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Deposits with licensed banks	**17,973**	12,870	**5,000**	3,000
Cash and bank balances	**14,042**	3,930	**2,005**	40
Deposits, cash and bank balances	**32,015**	16,800	**7,005**	3,040
Less: Bank overdrafts (Note 25)	**(2,189)**	(2,445)	**-**	-
Bank balances and deposits pledged for financing facilities	**(2,787)**	(1,671)	**-**	-
Non-short term deposits	**(4,251)**	(5,000)	**-**	-
Total cash and cash equivalents	**22,788**	7,684	**7,005**	3,040

(a) The deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 3.15% to 3.73% (2016: 3.25% to 3.73%) and 3.17% to 3.45% (2016: 3.35% to 3.73%) per annum respectively and mature within 1 month to 12 months (2016: 1 month to 12 months) and 1 month to 3 months (2016: 1 month to 6 months) respectively.

(b) 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 RM851,447 and RM200,000 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.

(c) Non-short term deposits are deposits placed with licensed banks for period more than 3 months and bear interest rates ranging from 3.15% to 3.73% (2016: 3.40% to 3.73%) per annum and mature within 6 months to 12 months.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

1. CORPORATE INFORMATION

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 principal activities of the Company are that of 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 set out in Note 12. There have been no significant changes in the nature of these activities during the financial year.

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 financial statements were authorised for issue in accordance with a resolution of the Board of directors on 6 July 2017.

2. BASIS OF PREPARATION

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.

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 reported 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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

(a) New MFRSs and Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(i) Adoption of Amendments/Improvements to MFRS

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

Amendments/Improvements to MFRSs	
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

2. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

2. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

MFRS 9 Financial Instruments (cont'd)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. 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.

- 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.

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.

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 111	Construction Contracts
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

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

2. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

2. BASIS OF PREPARATION (CONT'D)

(a) New MFRSs and Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (cont'd)

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

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

(b) 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 significant accounting policies note.

(c) 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 RM'000, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements

Significant areas of estimation uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

(i) Tax expense (Note 9) – Judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group and the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

(ii) Depreciation of property, plant and equipment (Note 11) – Property, plant and equipment (other than leasehold land) are depreciated on a reducing balance basis to write off their cost to their residual value over their estimated useful lives. The directors estimated the usage pattern to be at the range of 2.0% to 33.3% on a reducing balance basis. The directors anticipate that the residual values of the assets will be insignificant and as such, residual values are not being taken into consideration for the computation of the depreciation amount. Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful life and the residual values of these assets. Therefore, future depreciation charges could be revised.

(iii) Impairment loss on receivables (Notes 15 and 17) – The directors assess at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the directors consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iv) Impairment of goodwill (Note 14) –Judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

(v) Contingent consideration payables (Note 26) – Judgement is required to assess the probability of payout and the fair value of the Company share price in the estimation of the fair value of contingent consideration payables.

(vi) Recoverable amount of non-financial assets (Notes 11 and 12) – 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (cont'd)

Significant areas of estimation uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows: (cont'd)

(vii) Construction contract (Note 4 and Note 23) – Judgement is used in determining the stage of completion, the extent of the contracts costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the work that are recoverable from the customers. In making judgements, the Group and the Company evaluate based on the past experience and work of specialists.

(viii) Inventories (Note 16) – The Group and the Company 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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of controls as mentioned above.

When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;
- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and
- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Accounting for business combinations (cont'd)

The Group applies the acquisition method of accounting except for those business combinations which were accounted for using predecessor basis 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 predecessor basis of accounting (i.e. merger method of accounting) as they were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at the time of the respective acquisitions.

(i) Acquisition method of accounting

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

Profit or loss and each component of other comprehensive income of the subsidiaries are attributed to the parent and the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

(ii) Merger method of accounting

Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been effected 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 cost of acquisition over the nominal value of the share capital and reserves of the subsidiaries is taken to merger reserve. Merger debit arising on consolidation is set off against the revaluation and other reserves of the Group at that point in time.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) 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.

(b) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

<u>Joint ventures</u>

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) **Joint arrangements (cont'd)**

Joint ventures (cont'd)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in a joint venture, is carried at cost less accumulated impairment losses, if any.

On disposal of investment in joint venture, the difference between net disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

(c) **Foreign currency**

(i) **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) **Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency (cont'd)

(ii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated profit or loss.

(iii) Principal closing rates

The principal closing rates used in translation of foreign currency amounts as at the reporting date are as follows:

	2017 RM	2016 RM
1 Singapore Dollar ("SGD")	**3.16**	2.89
1 United States Dollar ("USD")	**4.42**	3.90
1 Sri Lankan Rupee ("LKR")	**0.03**	0.03
1 Chinese Yuan ("CNY")	**0.64**	0.60

(d) Goodwill on business combination

Goodwill arises on the acquisition of subsidiaries.

The goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is not amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Goodwill is allocated to cash generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment and depreciation (cont'd)

Capital work-in-progress is stated at cost and incurred during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land classified as finance lease is amortised on a straight-line basis to write off the costs of the leasehold land over the respective lease period that range from 60 to 99 years, which expires between 3 October 2042 to 10 September 2096. Depreciation of other property, plant and equipment is provided for on reducing balance basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Flats and buildings	2.0 - 2.5%
Renovation	10.0%
Plant, machinery, tools and equipment	2.0% - 33.3%
Furniture and fittings	5.0% - 20.0%
Office and other equipment	8.0% - 33.3%
Motor vehicles	20.0%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(f) Impairment of non-financial assets

The carrying amounts of non-financial assets other than investment properties carried at fair value, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs of disposal and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to.

An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) 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 after adequate provision has been made for all deteriorated, damaged, obsolete or slow moving inventories.

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.

(h) Financial assets

Financial assets 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and have categorised the financial assets as loans and receivables.

(i) 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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(j) 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.

(k) Share capital

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

Prior to Companies Act 2016 which came into effect on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasure shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, 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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuers, are required to reimburse the holder for the associated loss, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial guarantee contracts (cont'd)

The fair value of financial guarantees is determine as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(o) Provisions

Provisions are recognised when the Group has 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.

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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) 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.

Contingent liabilities or assets are not recognised in the statements of financial positions of the Group.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company, the revenue can be reliably measured and specific criteria have been met for each of the Group's and of the Company's activities as described below. Revenue is measured at the fair value of consideration received or receivable.

(i) Goods sold

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.

(ii) Rental income

Rental income is recognised on an accrual basis over the lease period on a straight-line basis by reference to the agreements entered into by the Company.

(iii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (cont'd)

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method. When an item under 'loans and receivables' is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired 'loans and receivables' is recognised using the original effective interest rate.

(v) Management fees

Management fees are recognised when services are rendered.

(vi) 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.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes and recognise the contribution payable:

(a) after deducting contribution already paid as liability; and
(b) as an expense in the financial year in which the employees rendered their services.

(s) Borrowing costs

Borrowing costs 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Leases

(i) Finance lease – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating lease – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(iii) Operating lease – the Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(u) Income tax

(i) 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.

(1) 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.

(2) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Income tax (cont'd)

(i) Income Tax (cont'd)

(2) Deferred Tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except (cont'd):

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply to the year 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 end of the reporting period.

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(ii) 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.

(v) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Board of Directors of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Fair value measurement

The Group adopted MFRS 13, Fair Value Measurement which prescribes that fair value of an asset or 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 which must be accessible to by the Group.

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 the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date. The Group recognises transfers between levels of the fair value hierarchy as of the date the event or change in circumstances that caused the transfers.

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

4. REVENUE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods	**88,301**	79,611	**-**	-
Construction work and project management	**18,214**	48,520	**-**	-
Interest income from licensed banks	**134**	104	**134**	104
Dividend income	**-**	-	**11,388**	-
Management fees	**-**	-	**110**	110
	106,649	128,235	**11,632**	214

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

5. COST OF SALES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Construction work and project management	**16,951**	45,746	**-**	-
Manufacturing and trading of goods	**79,237**	74,240	**-**	-
	96,188	119,986	**-**	-

6. FINANCE COSTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expenses on:				
- bank overdraft	**214**	220	**-**	-
- term loans	**38**	351	**-**	-
- other short term borrowings	**1,833**	919	**-**	-
- unwinding discount of financial liabilities	**-**	219	**-**	-
	2,085	1,709	**-**	-

7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Auditors' remuneration:				
- statutory audit	**117**	117	**35**	35
- under provision in prior financial year	**5**	-	**5**	-
- other services	**17**	8	**8**	8
Accretion of interest of retention receivables	**-**	(489)	**-**	-
Amortisation of intangible assets	**-**	266	**-**	-
Depreciation of property, plant and equipment	**5,731**	5,799	**-**	-
Directors' fee	**125**	131	**75**	81
Directors' other emoluments	**2,863**	2,139	**485**	482

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

7. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Employee benefits expense (including key management personnel)				
- contribution to defined contribution plan	**1,450**	1,318	**-**	-
- salaries, wages and others	**11,811**	10,897	**-**	-
- other employee benefits	**756**	760	**-**	-
Fair value gain on remeasurement of contingent consideration payables	**(580)**	(2,560)	**(580)**	(2,560)
Impairment loss on trade receivables	**-**	113	**-**	-
Insurance claims received	**(3)**	(39)	**-**	-
Interest income from licensed banks	**(544)**	(527)	**(134)**	(104)
Gain on disposal of property, plant and equipment	**(28)**	-	**-**	-
Net (gain)/loss on foreign exchange:				
- realised	**(312)**	616	**(49)**	-
- unrealised	**(115)**	216	**11**	-
Rental expense				
- land and building	**315**	608	**-**	-
- machinery and equipment	**195**	78	**-**	-
Rental income	**(1)**	-	**-**	-
Reversal of impairment loss on other receivables	**(91)**	(25)	**-**	-
Unwinding discount of interest expense	**-**	219	**-**	-
Written off of property, plant and equipment	**-**	4	**-**	-

8. DIRECTORS' REMUNERATION

The remuneration received and receivables by the directors of the Group and of the Company during the financial year are as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors				
Fees	**101**	107	**51**	57
Salaries and other emoluments	**2,080**	1,446	**-**	-
Contributions to defined contribution plans	**298**	211	**-**	-
	2,479	1,764	**51**	57

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

8. DIRECTORS' REMUNERATION (CONT'D)

The Directors' remuneration in the current financial year represents remuneration for Directors of the Company and its subsidiaries to comply with the requirements of Companies Act 2016. The comparative figures have not been restated to include the remuneration for Directors in the subsidiaries of the Company.

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-executive directors				
Fees	**24**	24	**24**	24
Other emoluments	**485**	482	**485**	482
	509	506	**509**	506

Benefits provided to directors

The estimated monetary value of benefits-in-kind received and receivable by the directors during the financial year otherwise than in cash from the Group and the Company are as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Estimated monetary value of benefits-in-kind	**374**	337	**180**	148

Apart from directors, there are no other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

9. TAX EXPENSE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax:				
Malaysian income tax				
Current financial year	**322**	576	**28**	-
Under provision in prior financial year	**(113)**	41	**-**	-
	209	617	**28**	-
Deferred tax:				
Origination and reversal of temporary differences	**(186)**	(402)	**-**	-
(Over)/Under provision in prior financial year	**(2)**	60	**-**	-
	(188)	(342)	**-**	-
Tax expense	**21**	275	**28**	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

9. TAX EXPENSE (CONT'D)

The reconciliation from the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(Loss) before tax	**3,613**	(3,951)	**11,112**	1,721
Tax at the Malaysian statutory income tax rate of 24% (2016: 24%)	**867**	(948)	**2,667**	413
Deferred tax assets not recognised during the financial year	**525**	828	**40**	73
Effect on share of results of joint venture	**(1,767)**	(66)	**-**	-
Non-taxable income	**(179)**	(623)	**(2,872)**	(614)
Tax effect on non-deductible expenses	**980**	1,020	**205**	138
Tax effect on double deduction expenses	**(19)**	(16)	**(12)**	(10)
Tax effect for special incentive for exports	**(271)**	(21)	**-**	-
(Over)/Under provision in prior financial year:				
- current tax	**(113)**	41	**-**	-
- deferred tax	**(2)**	60	**-**	-
Tax expense	**21**	275	**28**	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

10. EARNINGS/(LOSS) PER SHARE

(a) Basic Earnings/(Loss) per share

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit 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 as follows:

	GROUP	
	2017	2016
Profit/(Loss) for the financial year attributable to owners of the Company (RM'000)	**5,180**	(2,031)
Weighted average number of ordinary shares outstanding during the financial year (adjusted for treasury shares) ('000)	**102,098**	101,340
Basic earnings/(loss) per ordinary share (sen)	**5.07**	(2.00)

(b) Diluted Earnings/(Loss) per share

The diluted earnings/loss per ordinary share of the Group for the financial years 2017 and 2016 are equivalent to the basic earnings/(loss) per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

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11. PROPERTY, PLANT AND EQUIPMENT

GROUP 2017	LAND AND BUILDINGS RM'000	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM'000	FURNTURE 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 2016	70,873	117,335	828	1,695	5,488	13,017	209,236
Additions	24	709	35	115	1,472	81	2,436
Transfer (to)/from	-	471	-	-	-	(471)	-
Disposals	-	(37)	-	(101)	(487)	-	(625)
At 31 March 2017	**70,897**	**118,478**	**863**	**1,709**	**6,473**	**12,627**	**211,047**
Accumulated depreciation							
At 1 April 2016	21,139	93,439	443	1,276	3,812	-	120,109
Charge for the financial year	1,143	3,927	31	103	527	-	5,731
Disposals	-	(30)	-	(82)	(437)	-	(549)
At 31 March 2017	**22,282**	**97,336**	**474**	**1,297**	**3,902**	**-**	**125,291**
Accumulated impairment loss							
At 1 April 2016/ 31 March 2017	**-**	**-**	**-**	**-**	**-**	**586**	**586**
Net carrying amount							
At 31 March 2017	**48,615**	**21,142**	**389**	**412**	**2,571**	**12,041**	**85,170**
2016							
Cost							
At 1 April 2015	69,880	116,150	872	1,613	5,716	12,627	206,858
Additions	993	1,185	7	93	-	390	2,668
Disposals/Written Off	-	-	(51)	(11)	(228)	-	(290)
At 31 March 2016	70,873	117,335	828	1,695	5,488	13,017	209,236
Accumulated depreciation							
At 1 April 2015	19,997	89,370	443	1,180	3,587	-	114,577
Charge for the financial year	1,142	4,069	31	104	453	-	5,799
Disposals/Written Off	-	-	(31)	(8)	(228)	-	(267)
At 31 March 2016	21,139	93,439	443	1,276	3,812	-	120,109
Accumulated impairment loss							
At 1 April 2015/ 31 March 2016	-	-	-	-	-	586	586
Net carrying amount							
At 31 March 2016	49,734	23,896	385	419	1,676	12,431	88,541

NOTES TO THE FINANCIAL STATEMENTS
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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Analysis of land and buildings:

GROUP 2017	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 2016	21,826	39,441	5,717	867	188	2,834	70,873
Additions	-	-	-	-	-	24	24
At 31 March 2017	**21,826**	**39,441**	**5,717**	**867**	**188**	**2,858**	**70,897**
Accumulated depreciation							
At 1 April 2016	6,352	12,002	-	250	63	2,472	21,139
Charge for the financial year	401	675	-	12	3	52	1,143
At 31 March 2017	**6,753**	**12,677**	**-**	**262**	**66**	**2,524**	**22,282**
Net carrying amount							
At 31 March 2017	**15,073**	**26,764**	**5,717**	**605**	**122**	**334**	**48,615**
2016							
Cost							
At 1 April 2015	21,826	38,741	5,717	867	188	2,541	69,880
Additions	-	700	-	-	-	293	993
At 31 March 2016	21,826	39,441	5,717	867	188	2,834	70,873
Accumulated depreciation							
At 1 April 2015	5,950	11,324	-	237	61	2,425	19,997
Charge for the financial year	402	678	-	13	2	47	1,142
At 31 March 2016	6,352	12,002	-	250	63	2,472	21,139
Net carrying amount							
At 31 March 2016	15,474	27,439	5,717	617	125	362	49,734

(a) Net carrying amount of motor vehicles, plant and machinery of the Group held under finance lease arrangements are as follows:

	GROUP	
	2017 RM'000	2016 RM'000
Motor vehicles	**2,280**	1,288
Plant and machinery	**-**	39
	2,280	1,327

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

(b) Net carrying amounts of property, plant and equipment pledged as security for borrowings of a subsidiary (Notes 24 and 25) are as follows:

	GROUP	
	2017 RM'000	**2016 RM'000**
Buildings on leasehold land	**11,028**	11,372
Leasehold land	**5,559**	5,630
Freehold land	**1,417**	1,417
	18,004	18,419

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	GROUP	
	2017 RM'000	**2016 RM'000**
Additions of property, plant and equipment	**2,436**	2,668
Less: Financed by finance lease arrangement	**(1,241)**	-
	1,195	2,668

(d) Capital work in progress relates to construction of plant and machineries and factory building.

In previous financial year, the Group carried out a review of the recoverable amount of the capital work in progress of a subsidiary which have yet to be commissioned after several years. The assets are included in the manufacturing and trading segment. The review led to the recognition of an impairment loss of RM585,561 on the plant and machinery in progress with cost of RM8,885,561 which has been recognised in the profit or loss in other operating expenses line item.

During the financial year, the Group estimated the recoverable amount of the capital work in progress is RM8,200,000 (2016: RM8,230,000) 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 new replacement costs of the assets and the accrued depreciation for age and obsolescence.

12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2017 RM'000	**2016 RM'000**
Unquoted shares, at cost		
At 1 April 2016/2015	**72,309**	72,309
Less: Accumulated impairment loss	**(43,114)**	(43,114)
	29,195	29,195
Amounts due from subsidiaries	**24,405**	30,194
Redeemable Convertible Preference Share issued by a subsidiary	**20,400**	-
At 31 March	**74,000**	59,389

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12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The amounts due from subsidiaries are non-trade in nature, unsecured and interest free. 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) During the financial year, the Company subscribed to the Redeemable Convertible Preference Shares ("RCPS") issued by a subsidiary, Laksana Wibawa Sdn. Bhd. ("the issuer") amounting to RM20,400,000. The RCPS 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		PRINCIPAL ACTIVITIES
		2017	2016	
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
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.

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12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests ("NCI") in subsidiaries

The subsidiaries of the Group that have material NCI are as follows:

2017	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000	TOTAL RM'000
NCI effective ownership interest and voting interest	**49%**	**30%**	**30%**	
Carrying amount of NCI	**(3,117)**	**1,435**	**1,301**	**(381)**
(Loss)/Profit allocated to NCI	**(1,410)**	**82**	**(260)**	**(1,588)**
Total other comprehensive income allocated to NCI	**-**	**-**	**-**	**-**
Total comprehensive (loss)/ income allocated to NCI	**(1,410)**	**82**	**(260)**	**(1,588)**
2016				
NCI effective ownership interest and voting interest	49%	30%	30%	
Carrying amount of NCI	(1,707)	1,353	1,561	1,207
(Loss)/Profit allocated to NCI	(2,174)	407	(428)	(2,195)
Total other comprehensive income allocated to NCI	-	-	-	-
Total comprehensive (loss)/ income allocated to NCI	(2,174)	407	(428)	(2,195)

The financial information of Laksana Wibawa Sdn. Bhd., Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd. before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:

2017	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Assets and liabilities			
Non-current assets	**37,008**	**1,194**	**2,632**
Current assets	**31,276**	**29,245**	**4,785**
Non-current liabilities	**(350)**	**(10)**	**-**
Current liabilities	**(53,921)**	**(25,480)**	**(3,787)**
Net assets	**14,013**	**4,949**	**3,630**
Results			
Revenue	**21,085**	**18,214**	**11,651**
(Loss)/Profit for the financial year	**(2,878)**	**272**	**(867)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive (loss)/ income for the financial year	**(2,878)**	**272**	**(867)**

NOTES TO THE FINANCIAL STATEMENTS
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12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests ("NCI") in subsidiaries (cont'd)

The financial information of Laksana Wibawa Sdn. Bhd., Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd. before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows (cont'd):

2017	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Cash flows from/(used in):			
- operating activities	**3,763**	**7,383**	**662**
- investing activities	**(568)**	**(86)**	**(32)**
- financing activities	**(3,091)**	**(26)**	**(642)**
Net increase/(decrease) in cash and cash equivalents	**104**	**7,271**	**(12)**
Dividend paid to NCI	**-**	**-**	**-**

2016	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Assets and liabilities			
Non-current assets	39,149	1,024	3,513
Current assets	18,909	20,585	6,638
Non-current liabilities	(355)	(21)	-
Current liabilities	(61,186)	(17,083)	(4,943)
Net (liabilities)/assets	(3,483)	4,505	5,208
Results			
Revenue	13,533	48,520	6,960
(Loss)/Profit for the financial year	(4,437)	1,357	(1,425)
Other comprehensive income	-	-	-
Total comprehensive (loss)/ income for the financial year	(4,437)	1,357	(1,425)
Cash flows from/(used in):			
- operating activities	(278)	(1,091)	(3,451)
- investing activities	(1,691)	-	-
- financing activities	449	(27)	3,170
Net decrease in cash and cash equivalents	(1,520)	(1,118)	(281)
Dividend paid to NCI	-	-	-

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

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13. INVESTMENT IN A JOINT VENTURE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	**- ***	- *	**- ***	-
Share of post-acquisition reserves	**131**	5,950	**-**	-
	131	5,950	**-**	-
Amount due from joint venture	**-**	8,065	**-**	8,065
	131	14,015	**-**	8,065

* The cost of investment in a joint venture as at 31 March 2017 and 31 March 2016 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 amount due from joint venture is non-trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Group and of the Company to treat these amounts as long term source of capital to the joint venture. As this amount is, in substance, a part of the Company's net investment in the joint venture, it is stated at cost less accumulated impairment loss, if any.

The details of joint venture is as follow:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS		PRINCIPAL ACTIVITIES
		2017	2016	
Pinang Water Ltd. *	Labuan, Malaysia	**37%**	37%	Investment holding, provision of consulting services in water management, trading of water treatment equipment, water treatment, management and supply of treated water.

* Audited by auditors other than Baker Tilly Monteiro Heng.

The financial statements of the above joint venture have a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the audited financial statements of the joint venture for the financial year ended 31 December and the management financial statements for the financial period ended 31 March 2017 and 31 March 2016 have been used.

The summarised financial information of the Group's share on material joint venture is as follows:

	GROUP	
	2017 RM'000	2016 RM'000
Assets and liabilities		
Non-current assets	**-***	25,786
Current assets	**385**	13,679
Current liabilities	**(32)**	(23,382)
Net assets	**353**	16,083

* The non-current assets in a joint venture as at 31 March 2017 is RM9.

NOTES TO THE FINANCIAL STATEMENTS
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13. INVESTMENT IN A JOINT VENTURE (CONT'D)

Included in the assets and liabilities are:

	GROUP	
	2017 RM'000	2016 RM'000
Cash and cash equivalents	**385**	11,995
Current financial liabilities (excluding trade and other payables and provision)	**17**	16

	GROUP	
	2017 RM'000	2016 RM'000
RESULTS		
Revenue	**2,978**	8,713
Depreciation	**-**	1,321
Interest expense	**77**	222
Income tax expense	**45**	97
Profit for the financial year	**17,529**	739
Other comprehensive income	**2,367**	1,173
Total comprehensive income for the financial year	**19,896**	1,912

The reconciliation of net assets of the joint venture to the carrying amount of the investment in joint venture recognised in the consolidated financial statements is as follows:-

	GROUP	
	2017 RM'000	2016 RM'000
Group's share of net assets	**131**	5,950
Share of results by the Group for the financial year	**7,362**	273
Dividend paid	**11,427**	-

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.

14. INTANGIBLE ASSETS

	GROUP	
	2017 RM'000	2016 RM'000
(i) Goodwill on business combination		
At cost		
At 1 April 2016/2015/31 March	**1,626**	1,626
(ii) Other intangible asset – construction contracts		
At cost		
At 1 April 2016/2015	**-**	266
Amortisation during the financial year (Note 7)	**-**	(266)
At 31 March	**-**	-
Total intangible assets	**1,626**	1,626

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14. INTANGIBLE ASSETS (CONT'D)

The carrying amount of goodwill allocated to the Group's cash generating unit ("CGU") is based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. The goodwill was allocated to the Group's construction and project management cash generating unit

The recoverable amount of a CGU is determined based on value-in-use calculations using 5 years of cash flow projections from financial budgets and projections approved by the directors. Cash flows beyond the five-year period are extrapolated using the growth rates stated below.

Key assumptions used for value-in-use calculations:

	2017 %	2016 %
Budgeted gross margin	**5**	6
Growth rate [1]	**5**	5
Discount rate [2]	**8**	7

1 5% growth rate is used during the financial budget period and zero growth in the terminal value computation
2 Pre-tax discount rate applied to the cash flow projections

These assumptions have been used for analysis of the CGU. Directors determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is based on expected growth rates for sales. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

In assessing the value-in-use, the directors do not foresee any possible changes in the above key assumptions that would cause the carrying amounts of goodwill to materially exceed its recoverable amount.

15. TRADE RECEIVABLES

	GROUP	
	2017 RM'000	2016 RM'000
Current		
Trade receivables	**52,819**	37,830
Retention sums	**7,973**	11,988
Amount due from a corporate shareholder	**-**	515
Less: Allowance for impairment loss	**(4,031)**	(4,031)
	56,761	46,302

(a) Credit term of trade receivables

The Group's normal trade credit term extended to customers ranges from 1 to 120 days (2016: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

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15. TRADE RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	GROUP	
	2017 RM'000	**2016 RM'000**
Neither past due nor impaired	**29,082**	26,157
1 to 30 days past due but not impaired	**7,613**	4,946
31 to 60 days past due but not impaired	**4,987**	7,898
61 to 90 days past due but not impaired	**5,615**	2,131
91 to 180 days past due but not impaired	**5,047**	4,940
More than 181 days past due but not impaired	**4,417**	230
	27,679	20,145
Impaired	**4,031**	4,031
	60,792	50,333

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due but not impaired

Trade receivables amounting to RM27,678,731 (2016: RM20,144,521) which are past due but not impaired because these are creditworthy customers and in the opinion of the directors, the amounts are still considered recoverable. These trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	GROUP	
	2017 RM'000	**2016 RM'000**
At 1 April 2016/2015	**4,031**	3,918
Charge for the financial year (Note 7)	**-**	113
At 31 March	**4,031**	4,031

As at 31 March 2017, the Group's trade receivables of RM4,031,079 (2016: RM4,031,079) were impaired. The individually impaired trade receivables are currently under litigation and hence the recoverability is uncertain. These receivables are not secured by any collateral or credit enhancements.

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16. INVENTORIES

	GROUP	
	2017 RM'000	2016 RM'000
At cost:		
Raw materials	**12,300**	11,196
Work in progress	**2,800**	2,745
Finished goods	**37,039**	28,898
	52,139	42,839

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group amounts to RM79,237,676 (2016: RM74,240,289).

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables	**916**	999	**59**	58
Less: Allowance for impairment loss	**(92)**	(183)	**-**	-
	824	816	**59**	58
Deposits	**1,036**	1,960	**3**	3
Goods and Services Tax refundable	**148**	62	**-**	-
Advance payment to suppliers	**639**	1,558	**-**	-
Prepayments	**1,085**	580	**-**	-
Amounts due from a joint venture	**-**	83	**-**	-
	3,732	5,059	**62**	61

(a) The amounts due from a joint venture are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash. The amount is neither past due nor impaired.

18. SHARE CAPITAL AND TREASURY SHARES

	GROUP/COMPANY			
	2017		2016	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Issued and fully paid				
At 1 April 2016/2015	**101,461**	**101,461**	101,461	101,461
Issued during the financial year	**1,490**	**1,490**	-	-
Transition to no-par value regime	**-**	**7,208**	-	-
At 31 March	**102,951**	**110,159**	101,461	101,461
Treasury shares				
At 1 April 2016/2015/31 March	**121**	**108**	121	108

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

18. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(a) Share capital

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months upon the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transition.

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.

During the financial year, the Company issued 1,490,046 new ordinary shares at RM1 per ordinary share to satisfy the remaining purchase consideration for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. pursuant to a sale and purchase agreement dated 7 August 2014. For the purpose of accounting for the shares consideration, the fair value of RM0.49 per ordinary share as at the date of issuance was recorded instead of issue price of RM1 per ordinary share.

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

(b) 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 (2016: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2016: 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 2017, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2016: 101,339,827) shares.

19. RESERVES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share premium	**-**	7,208	**-**	7,208
Capital reserve	**(1,467)**	(707)	**(1,467)**	(707)
Foreign currency translation reserve	**969**	2,723	**-**	-
Retained earnings/(Accumulated losses)	**47,929**	42,749	**(29,048)**	(40,132)
	47,431	51,973	**(30,515)**	(33,631)

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31 March 2017

19. RESERVES (CONT'D)

(a) Share premium

The share premium arose from the issue of the Company's shares at a premium in the previous financial years.

(b) 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.

(c) Foreign currency translation reserve

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

20. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April 2016/2015	**5,668**	6,010	**-**	-
Recognised in profit or loss (Note 9)	**(188)**	(342)	**-**	-
At 31 March	**5,480**	5,668	**-**	-

This is in respect of estimated deferred tax assets and liabilities arising from temporary differences as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unutilised tax losses	**(36)**	(641)	**-**	-
Unabsorbed capital allowances	**-**	(564)	**-**	-
Deductible temporary differences in respect of expenses	**(119)**	(339)	**-**	-
Difference between the carrying amounts of property, plant and equipment and their tax base	**5,359**	6,929	**-**	-
Taxable temporary differences in respect of income	**276**	283	**-**	-
	5,480	5,668	**-**	-

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20. DEFERRED TAX LIABILITIES (CONT'D)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unabsorbed capital allowances	**5,302**	4,431	**-**	-
Unutilised tax losses	**39,285**	37,970	**1,676**	1,510
	44,587	42,401	**1,676**	1,510

21. TRADE PAYABLES

	GROUP	
	2017 RM'000	2016 RM'000
External parties	**23,070**	22,322

The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2016: 30 to 90 days).

Included in the trade payables are retention sums amounting to RM6,531,132 (2016: RM7,385,900).

22. OTHER PAYABLES, DEPOSIT AND ACCRUALS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables	**1,598**	979	**-**	-
Deposit	**16**	-	**-**	-
Accruals	**7,023**	2,044	**130**	129
Goods and Services Tax payable	**152**	587	**-**	-
Amount due to corporate shareholder of a subsidiary	**222**	437	**-**	-
Advances received from customers	**18,168**	646	**-**	-
	27,179	4,693	**130**	129

(a) Amount due to corporate shareholder of a subsidiary consist of advances and recoverable expenses which are unsecured, interest free and repayable on demand in cash.

(b) Accruals are mainly in relation to contract cost incurred in which the claims or invoices are not finalised as at reporting date amounting to RM4,534,932 (2016: RM Nil).

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23. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	GROUP	
	2017 RM'000	2016 RM'000
Cost incurred to date	**276,570**	259,619
Add: Attributable profits	**14,337**	13,073
	290,907	272,692
Less: Progress billings	**283,264**	269,251
	7,643	3,441
Amount due from customers for contract works	**8,525**	4,707
Amount due to customers for contract works	**(882)**	(1,266)
	7,643	3,441

24. TERM LOANS

	GROUP	
	2017 RM'000	2016 RM'000
Secured		
Repayable within 12 months	**-**	2,312

The term loans of the Group are secured by:

(i) facility agreements;
(ii) charges on the subsidiary's leasehold land and factory building (Note 11);
(iii) debentures incorporating fixed and floating charges on all the present and future assets of a subsidiary;
(iv) assignment of proceeds of contracts; and
(v) corporate guarantees given by the Company.

In previous financial year, the term loans bear interest at an interest rate of 7.85% per annum.

The term loan was fully settled in the current financial year.

25. SHORT-TERM BORROWINGS

	GROUP	
	2017 RM'000	2016 RM'000
Secured		
Bank overdraft	**2,189**	2,445
Banker's acceptances	**13,507**	8,175
Trust receipts	**3,271**	9,857
Revolving credit	**2,000**	2,000
Islamic trade financing	**2,527**	3,170
	23,494	25,647

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25. SHORT-TERM BORROWINGS (CONT'D)

Included in trust receipts are amounts of RM2,261,378 (2016: RM1,969,450) denominated in United States Dollar and RM141,883 (2016: RM Nil) denominated in Chinese Yuan Renminbi.

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 11);
(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 2.65% to 8.70% (2016: 1.83% to 8.50%) per annum.

26. CONTINGENT CONSIDERATION PAYABLES

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

<u>HPSB – Earn-Out Incentive</u>
Earn-Out Incentive of up to RM3.5 million to be settled by cash or issuance of up to 3,500,000 new shares in the Company at an issue price of RM1 per share is offered to the HPSB vendor, who holds the remaining 30% of the issued and paid-up share capital of HPSB after the acquisition. On 28 July 2016, the Company has issued 1,490,046 ordinary shares of RM1 per share as a settlement for the acquisition.

<u>MRPI – Profit Guarantee</u>
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 ending 31 March 2016 ("Profit Guarantee Period"). The issuance of 3,000,000 new shares in the Company is withheld and to be paid 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 2017, the Profit Guarantee has not been met.

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27. FINANCE LEASE PAYABLES

	GROUP 2017 RM'000	GROUP 2016 RM'000
Future minimum lease payments	**2,250**	1,156
Less: Future finance charges	**(271)**	(123)
Total present value of minimum lease payments	**1,979**	1,033
Payable within one year		
Future minimum lease payments	**452**	258
Less: Future finance charges	**(88)**	(44)
Present value of minimum lease payments	**364**	214
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	**1,496**	803
Less: Future finance charges	**(173)**	(76)
Present value of minimum lease payments	**1,323**	727
Payable later than 5 years		
Future minimum lease payments	**302**	95
Less: Future finance charges	**(10)**	(3)
Present value of minimum lease payments	**292**	92
Total present value of minimum lease payment	**1,979**	1,033

The finance lease payables of the Group bear interest rates ranging from 2.43% to 2.96% (2016: 2.43% to 4.86%) per annum.

28. CAPITAL COMMITMENTS

In respect of acquisition of property, plant and equipment not provided for in the financial statements:-

	GROUP 2017 RM'000	GROUP 2016 RM'000
Approved and contracted for	**3,256**	3,051
Approved but not contracted for	**13,327**	13,327

29. FINANCIAL GUARANTEE

	GROUP 2017 RM'000	GROUP 2016 RM'000	COMPANY 2017 RM'000	COMPANY 2016 RM'000
Corporate guarantee granted to financial institutions for banking facilities granted to its subsidiaries and a joint venture				
- total banking facilities	**1,637**	1,444	**57,736**	60,849
- total utilised	**-**	-	**25,046**	30,999

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 and joint venture defaulting within the guaranteed period is remote and the estimated loss exposure if the subsidiaries and joint venture were to default is immaterial.

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30. RELATED PARTY DISCLOSURES

(a) Identity of related party

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

The Group and the Company have a related party relationship with its subsidiaries, joint venture and key management personnel.

(b) Related party transactions and balances

	GROUP	
	2017 RM'000	2016 RM'000
Significant transaction with corporate shareholder of a subsidiary		
Rental paid/payable	**300**	420

	COMPANY	
	2017 RM'000	2016 RM'000
Significant transaction with its subsidiaries:		
Management fee received/receivable	**110**	110

Information on related parties balances are disclosed in Notes 15, 17 and 22.

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly. The key management personnel include all executive directors of the Company.

The remuneration of the key management personnel is as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fees, salaries and other employee benefits	**2,181**	1,553	**51**	57
Contribution to defined contribution plans	**298**	211	**-**	-
Estimated monetary value of benefits-in-kind	**188**	173	**20**	8
	2,667	1,937	**71**	65

The Directors' remuneration in the current financial year represents remuneration for Directors of the Company and its subsidiaries to comply with the requirements of Companies Act 2016. The comparative figures have not been restated to include the remuneration for Directors in the subsidiaries of the Company.

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31. SEGMENT INFORMATION

For management purpose, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

Manufacturing and trading	Manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products for waterworks and sewerage industry.
Construction	Construction and project management.
Water treatment operation	Management and supply of treated water which is held as investment of the Group in a joint venture. This is reported as a separate business segment based on the distinct economic characteristic from the other segments.

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 (including goodwill) 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 a single customer with revenue equal or more than 10% of the Group's revenue amounting to RM17,925,139 (2016:RM Nil).

	GROUP			
2017	MANUFACTURING AND TRADING RM'000	WATER TREATMENT OPERATION RM'000	CONSTRUCTION RM'000	TOTAL RM'000
REVENUE				
Total segment revenue	88,435	-	18,214	106,649
RESULTS				
Reportable segment (loss)/profit	(4,021)	7,362	272	3,613
NET ASSETS				
Total segment assets	210,017	131	30,439	240,587
Total segment liabilities	57,996	-	25,490	83,486
Net assets - Segment	152,021	131	4,949	157,101
OTHER INFORMATION				
Capital expenditures (including additions arising from business combinations)	(2,350)	-	(86)	(2,436)
Depreciation on property, plant and equipment	(5,643)	-	(88)	(5,731)
Interest expenses	(2,017)	-	(68)	(2,085)
Interest income	501	-	43	544

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31. SEGMENT INFORMATION (CONT'D)

2016	MANUFACTURING AND TRADING RM'000	GROUP WATER TREATMENT OPERATION RM'000	CONSTRUCTION RM'000	TOTAL RM'000
REVENUE				
Total segment revenue	79,715	-	48,520	128,235
RESULTS				
Reportable segment (loss)/profit	(6,017)	273	1,793	(3,951)
NET ASSETS				
Total segment assets	184,656	14,015	21,609	220,280
Total segment liabilities	48,643	-	17,104	65,747
Net assets - Segment	136,013	14,015	4,505	154,533
OTHER INFORMATION				
Amortisation of intangible asset	-	-	(266)	(266)
Accretion of interest of retention receivables	-	-	489	489
Capital expenditures (including additions arising from business combinations)	(2,668)	-	-	(2,668)
Depreciation on property, plant and equipment	(5,706)	-	(93)	(5,799)
Interest expenses	(1,485)	-	(5)	(1,490)
Interest income	526	-	1	527
Unwinding discount of financial liabilities	-	-	(219)	(219)

32. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table analyses the financial assets and liabilities in the statements of financial position by class of financial instruments to which they are assigned, and therefore by the measurement basis.

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans and receivables				
Trade receivables	**56,761**	46,302	**-**	-
Other receivables and deposits	**1,860**	2,859	**62**	61
Amount due from customers for contract works	**8,525**	4,707	**-**	-
Deposit, cash and bank balances	**32,015**	16,800	**7,005**	3,040
Total financial assets	**99,161**	70,668	**7,067**	3,101
Financial liabilities at amortised costs				
Trade payables	**23,070**	22,322	**-**	-
Other payables, deposit and accruals	**8,859**	3,460	**130**	129
Amount due to customers for contract works	**882**	1,266	**-**	-
Term loans	**-**	2,312	**-**	-
Finance lease payable	**1,979**	1,033	**-**	-
Short-term borrowings	**23,494**	25,647	**-**	-
Total financial liabilities	**58,284**	56,040	**130**	129
Financial liability at fair value through profit or loss				
Contingent consideration payables	**1,395**	2,705	**1,395**	2,705

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risk arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for its shareholders. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's business whilst managing its financial risks. The Group and the Company focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Group and of the Company. The financial risk management is carried out through risk review, internal control system and adherence to the Group's and the Company's financial risk management policies. The Group and the Company operate within clearly defined guidelines and the Group's and the Company's policy is not to engage in speculative transactions.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate relates to interest bearing financial assets and liabilities. As the Group's financial assets and liabilities are carried at amortised cost, the fair value interest rate risk has no financial impact on profit or loss of the Group.

Interest bearing financial assets include fixed deposit with licensed banks which are placed for better yield returns than cash at banks.

The Group monitors interest rates at inception to ensure that they are established at favourable rates.

Borrowings at floating rate amounting to RM23,493,487 (2016: RM27,959,126) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM1,978,976 (2016: RM1,033,816), expose the Group to fair value interest rate risk.

Sensitivity analysis for interest rate risk

At the reporting date, if market interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit/(loss) after tax for the financial year would increase or decrease by RM178,550 (2016: RM212,489), arising mainly as a result of higher/lower interest expenses on floating rate borrowings.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and deposits held at call with banks. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties.

The Group has a credit policy in place and the exposure to credit risk is managed through credit assessment and approvals, credit limits and monitoring procedures. Where appropriate, letter of credits, bank guarantees or alternatively advance payments will be obtained from the affected customers. All derivative contracts and deposits are only entered into or maintained with reputable financial institutions with high credit ratings and no history of default.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Company also has exposure to credit risk arising from the corporate guarantee provided by the Company to financial institution for subsidiaries' banking facilities.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Exposure to credit risk (cont'd)

The Group and the Company have no significant concentration of credit risk other than approximately 55% (2016: 31%) of the trade receivables balance of the Group relate to 7 (2016: 5) major customers. The Group's historical records in the collection of trade receivables fall within the allowed credit limits or recorded allowance. The Group manages credit risk from trade and other receivables through ongoing debt collection, account and credit limits are monitored regularly as well as ensuring that letters of credit and bank guarantees, if applicable, are issued from renowned financial institutions. Due to these factors, the directors believe that there is no further credit risk beyond the allowance for impairment loss on receivables already made by the Group.

Financial guarantee

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM25,046,000 (2016: RM30,998,612) representing the outstanding banking facilities of the subsidiaries at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet the operational needs by continuously monitoring both the rolling forecasts and actual cash flow. Excess cash is placed in fixed deposits or cash management fund with reputable financial institutions.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

2017	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS 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
Group						
Contingent consideration payables	**1,395**	**1,395**	**-**	**-**	**1,395**	**-**
Payables, deposit and accruals	**31,929**	**31,929**	**31,929**	**-**	**-**	**-**
Borrowings	**25,473**	**26,196**	**23,946**	**452**	**1,496**	**302**
	58,797	**59,520**	**55,875**	**452**	**2,891**	**302**
2016						
Group						
Contingent consideration payables	2,705	2,705	905	-	1,800	-
Payables and accruals	25,782	25,782	25,782	-	-	-
Borrowings	28,992	29,130	28,232	374	429	95
	57,479	57,617	54,919	374	2,229	95

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations (cont'd):

2017	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS 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
Company						
Contingent consideration payables	**1,395**	**1,395**	**-**	**-**	**1,395**	**-**
Accruals	**130**	**130**	**130**	**-**	**-**	**-**
Financial guarantee contracts *	**25,046**	**25,046**	**25,046**	**-**	**-**	**-**
	26,571	**26,571**	**25,176**	**-**	**1,395**	**-**
2016						
Company						
Contingent consideration payables	2,705	2,705	905	-	1,800	-
Accruals	129	129	129	-	-	-
Financial guarantee contracts *	30,999	30,999	30,999	-	-	-
	33,833	33,833	32,033	-	1,800	-

* The Company has given corporate guarantee to banks on behalf of certain subsidiaries and a joint venture for banking facilities. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities being utilised by the said subsidiaries and the said joint venture. As at 31 March 2017, approximately RM25,046,000 (2016: RM30,998,612) of the banking facilities were utilised by the said subsidiaries.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currency of the Group, primarily Ringgit Malaysia. The foreign currency in which these transactions are denominated are mainly in United States Dollar ("USD"), Singapore Dollar ("SGD"), Chinese Yuan ("CNY") and Sri Lankan Rupee ("LKR").

The Group is also exposed to currency translation risk arising from its net investments in foreign operations.

Directors have set up a policy to require group companies to manage their foreign currency exchange risk against their functional currency. Entities in the Group may use forward foreign currency exchange contracts to hedge against their material foreign currency exposure.

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

The Group's foreign currency exposure profiles are as follows:-

2017	USD RM'000	SGD RM'000	CNY RM'000	LKR RM'000	TOTAL RM'000
Financial Assets					
Trade receivables	**-**	**1,660**	**-**	**7**	**1,667**
Cash and bank balances	**2,253**	**-**	**-**	**-**	**2,253**
	2,253	**1,660**	**-**	**7**	**3,920**
Financial Liability					
Trade payable	**(322)**	**-**	**-**	**-**	**(322)**
Short-term borrowings	**(2,261)**	**-**	**(142)**	**-**	**(2,403)**
	(2,583)	**-**	**(142)**	**-**	**(2,725)**
Currency exposure on net financial (liabilities)/assets	**(330)**	**1,660**	**(142)**	**7**	**1,195**
2016					
Financial Assets					
Receivables and deposits	70	1,642	-	54	1,766
Deposits, cash and bank balances	198	529	-	-	727
	268	2,171	-	54	2,493
Financial Liability					
Short-term borrowings	(1,969)	-	-	-	(1,969)
Currency exposure on net financial (liabilities)/assets	(1,701)	2,171	-	54	524

Sensitivity analysis for foreign currency risk

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

As at 31 March 2017 and 31 March 2016, there were no forward foreign currency exchange contract.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) 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.

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34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows (cont'd):

(b) 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.

The carrying amounts and fair values of financial instruments, other than those carrying amounts are reasonable approximation of their fair values were as follows:

	2017		2016	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
GROUP				
Financial liabilities				
Term loans	**-**	**-**	2,312	2,312
Finance lease payables	**1,979**	**1,900**	1,033	1,032

35. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's liabilities as at 31 March 2017 and 2016:

Liabilities for which fair values are disclosed:

2017	FAIR VALUE RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
Non-current				
Contingent consideration payables	**(1,395)**	**-**	**-**	**(1,395)**
Current				
Finance lease payables	**(1,900)**	**-**	**(1,900)**	**-**

2016	FAIR VALUE RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
Non-current				
Contingent consideration payables	(1,800)	-	-	(1,800)
Current				
Contingent consideration payables	(905)	-	-	(905)
Term loans	(2,312)	-	(2,312)	-
Finance lease payables	(1,032)	-	(1,032)	-

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35. FAIR VALUE HIERARCHY (CONT'D)

Liabilities carried at fair value:

During the financial years ended 31 March 2017 and 2016, 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 payout	The estimated fair value would decrease if the probability were lower.

36. CAPITAL MANAGEMENT

The Group's and the Company's capital management objectives are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns to shareholders and repay/settle amounts owed to other interested parties, as well as maintaining an optimal capital structure to reduce the cost of capital.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in business and economic conditions. To maintain or adjust structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts or secure additional debts.

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

	GROUP		COMPANY	
	2017	2016	2017	2016
Total borrowings (RM'000)	**25,473**	28,992	**-**	-
Total equity (RM'000)	**157,101**	154,533	**79,536**	67,722
Total capital (RM'000)	**182,574**	183,525	**79,536**	67,722
Gearing ratio (%)	**13.95%**	15.80%	**-**	-

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2017

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings or accumulated losses of the Group and of the Company at 31 March 2017 and 31 March 2016 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants.

The retained earnings/(accumulated losses) of the Group and of the Company at the reporting date are analysed as follows:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- realised	**21,810**	15,478	**(29,048)**	(40,132)
- unrealised	**373**	(145)	**-**	-
	22,183	15,333	**(29,048)**	(40,132)
Total share of retained earnings from joint venture				
- realised	**(772)**	3,483	**-**	-
- unrealised	**(66)**	(256)	**-**	-
	(838)	3,227	**-**	-
Add: Consolidation adjustments	**26,584**	24,189	**-**	-
Total retained earnings/(accumulated losses) as per statements of financial position	**47,929**	42,749	**(29,048)**	(40,132)

The disclosure of realised and unrealised profits or accumulated losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

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 91 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 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 92 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 July 2017.

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 91 and the supplementary information as set out on page 92 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 6 July 2017.

Before me

Commissioner for Oaths
NIU KIAN AIK (B309)
39 (2nd Floor) Jalan USJ 10/1D
47620 Subang Jaya
Selangor Darul Ehsan

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 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 91.

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 2017, 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.

Property, plant and equipment ("PPE") (Note 11(d) and Note 2(d)(vi))

We focused on this area because the capital work in progress which relates to the construction of plant and machineries and factory building of a subsidiary have yet to be commissioned after several years. This may indicate that these assets are potentially impaired. Judgements and estimates are involved in determining the recoverable amount of these assets. The Group estimated the recoverable amount with reference to an independent valuation carried out by a professional valuer.

Our audit response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports and discussed with external valuers on their valuation approach and the significant judgements they made;
- assessing the valuation approach used and appropriateness of the key assumptions; and
- testing, on sample basis, the accuracy and relevance of the key input data used by the external valuers.

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 16 and Note 2(d)(viii))

The Group is to measure the inventories at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our audit response:

Our audit procedures included, among others:

- evaluating 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 review the design and implementation of controls during the count;
- reviewing subsequent sales and evaluate directors' assessment on estimated net realisable value on selected inventory items; and
- where net realisable value is lower than its cost, evaluating whether the inventories have been written down to their net realisable value.

Trade receivables (Note 15 and Note 2(d)(iii))

We focused on this area because the Group assesses whether there is any objective evidence that a receivable is impaired and made judgements over both the events or changes in circumstances indicating that the trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by directors and therefore the impairment is accessed based on knowledge of each individual receivable.

Our audit response:

Our audit procedures included, among others:

- evaluating the design and assessing the implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue;
- obtaining confirmation of balances from selected receivables; and
- reviewing subsequent receipts, considering level of activity with the customer and the Group's explanation on recoverability of balances which are significantly past due.

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)

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.

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.

INDEPENDENT AUDITORS' REPORT

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

Auditors' responsibilities for the audit of the financial statements (cont'd)

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 12 to the financial statements.

Other reporting responsibilities

The supplementary information set out on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

Date: 6 July 2017

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2017 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	1,127	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,150	34	
	Machine workshop	3,200 sq. ft.		26	
	Canteen	2,050 sq. ft.		21	
	Office building	7,949 sq. ft.		21	
2462 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	3,521	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	3,903	17	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	1,870	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,138	25	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	1,395	N/A	6 May 2004
	Factory Building	24,208 sq. ft.	1,119	27	
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		11	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	5,598	N/A	30 March 2009
	Factory Building	12,689 sq. metres	13,126	16	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		440	20	

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2017 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	2,413	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,465	21	
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	123	21	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.	237	21	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		91	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)	23	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.	1,044	4	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 30 June 2017

Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share
Authorised Share Capital	: RM500,000,000
Issued and Paid-up Capital	: RM102,829,873 *
Number of Holders	: 2,200

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 30 JUNE 2017

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	%*
37	less than 100 shares	768	0.00
269	100 to 1,000 shares	201,833	0.20
1,242	1,001 to 10,000 shares	5,841,832	5.68
557	10,001 to 100,000 shares	19,343,627	18.81
93	100,001 to less than 5% of issued shares	35,619,424	34.64
2	5% and above of issued shares	41,822,389	40.67
2,200		**102,829,873**	**100.00**

* The issued share capital is as per Record of Depositors as at 30 June 2017 exclusive of 121,000 shares held as treasury shares

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 JUNE 2017

	NAME	SHAREHOLDINGS	%*
1	SUASANA KARISMA SDN BHD	32,510,089	31.62
2	LEMBAGA TABUNG HAJI	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	2,261,300	2.20
7	SULTAN IDRIS SHAH	1,182,200	1.15
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHD NAZASLI BIN ABDUL AZIZ (MY1484)	941,500	0.92
9	CHEE SAU FOONG	718,700	0.70
10	CHAN CHEE CHOY	695,900	0.68
11	PUAH AH CHIN	650,000	0.63
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH HUI PENG (8076778)	646,800	0.63
13	SHANNON ONG KIAN KEONG	575,000	0.56
14	WANG HSUEH YING	526,000	0.51
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE MENG (REM 872)	517,400	0.50

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2017

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 30 JUNE 2017 (CONT'D)

	NAME	SHAREHOLDINGS	%*
16	SIM KAH HOON	501,900	0.49
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	467,000	0.45
18	HOO WAN FATT	444,200	0.43
19	LEONG CHEE HOK	420,000	0.41
20	TIAH EWE LIANG	400,000	0.39
21	NG HAY LIAN	388,300	0.38
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HON KWONG YEW (M09)	380,000	0.37
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ONG (L GARDEN-CL)	370,700	0.36
24	WONG KEE CHONG	363,300	0.35
25	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	360,000	0.35
26	LIM KEN ANG	314,400	0.31
27	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	314,000	0.31
28	CHENG YOONG CHOONG	300,000	0.29
29	GOH THONG BENG	280,000	0.27
30	YEAP KUAN NYAH	273,000	0.27
	TOTAL	**67,136,419**	**65.32**

ANALYSIS OF SHAREHOLDINGS
As at 30 June 2017

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 30 June 2017 are as follows:-

	NO OF SHARES			
NAME OF SHAREHOLDERS	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
Lembaga Tabung Haji	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 30 June 2017.

* 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 30 June 2017 are as follows:-

	NO. OF SHARES			
NAME OF DIRECTORS	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	-	-	-	-
Tuan Haji Ab Gani bin Haron	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 30 June 2017.

* 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-Second 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, 30 August 2017 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon. — Please refer to Note A

AS ORDINARY BUSINESS

2. To declare a First and Final Single Tier Dividend of 0.5 sen per share for the year ended 31 March 2017. (Resolution 1)
3. To re-elect Tuan Haji Ali Sabri bin Ahmad who retires in accordance with Article 84 of the Company's Articles of Association. (Resolution 2)
4. To re-elect Encik Mohammad Khayat bin Idris who retires in accordance with Article 84 of the Company's Articles of Association. (Resolution 3)
5. To re-appoint YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as a Director of the Company. (Resolution 4)
6. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to determine their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Resolutions:-

Ordinary Resolutions

7. To approve the Directors' fees of RM75,000 for the financial year ended 31 March 2017. (Resolution 6)
8. To approve the payment of Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM1,119,000 from 31 January 2017 until the next Annual General Meeting of the Company. (Resolution 7)
9. **Authority to continue in office as Independent Non-Executive Directors**

   (i) "THAT subject to the passing of Ordinary Resolution 4, 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 since 24 February 2009 and will reach the nine (9) years term limit on 23 February 2018, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." (Resolution 8)

   (ii) "THAT subject to the passing of Ordinary Resolution 3, 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." (Resolution 9)

10. **Proposed renewal of the authority for the purchase of the Company's own ordinary shares of up to ten per centum (10%) of the Company's total number of issued share capital** (Resolution 10)

    "THAT, subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorised to make purchases of ordinary shares in the Company's total number of issued shares through Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject further to the following:-

    (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the total number of issued shares of the Company at the point of purchase ("YLI Shares");

    (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the YLI 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 of the Company (where applicable) available at the time of the purchase(s);

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolutions (continued)

(iii) the authority conferred by this resolution shall commence upon the passing of this ordinary resolution and will continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company (at which time it shall lapse unless by ordinary resolution passed at that meeting the authority is renewed, either unconditionally or subject to conditions), or unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of Bursa Securities or any other relevant authority; and

(iv) upon completion of the purchase(s) of the YLI Shares by the Company, the Directors of the Company be hereby authorised to deal with the YLI Shares in the following manner:-

(a) cancel the YLI Shares so purchased; or

(b) retain the YLI Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or

(c) retain part of the YLI Shares so purchased as treasury shares and cancel the remainder;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient and to enter into any agreements, arrangements and guarantees with any party or parties to implement or to effect the purchase(s) of the YLI Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required by the relevant authorities."

11. **Approval for issuance of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016** (Resolution 11)

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance to the provisions of the Companies Act 2016, whichever is the earlier."

12. To transact any other business of which due notice shall have been received.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
MOLLY GUNN CHIT GEOK (MAICSA 0673097)
Company Secretaries

Penang

Date: 28 July 2017

NOTICE OF ANNUAL GENERAL MEETING

Note A

This Agenda item is meant for discussion only as the provision of Section 244(2)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

Note B

Tuan Haji Ab Gani bin Haron who retires in accordance with Article 84 of the Articles of Association of the Company, has notified the Company that he does not wish to seek for re-election and accordingly will retire at the conclusion of the Twenty-Second Annual General Meeting ("AGM"). The Board of Directors of the Company has on 5 July 2017 announced the decision of Tuan Haji Ab Gani Bin Haron to retire in accordance with Article 84 of the Articles of Association of the Company at the forthcoming AGM.

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 23 August 2017 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Resolution 4 – To re-appoint YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as a Director of the Company

YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin, who is above the age of 70, was re-appointed at the Twenty-First Annual General Meeting held on 15 September 2016 pursuant to Section 129(6) of the Companies Act, 1965 and shall hold office until the conclusion of the Twenty-Second Annual General Meeting. His term of office will end at the conclusion of the Twenty-Second Annual General Meeting and YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin has offered himself for re-appointment.

However, under the Companies Act 2016, there is no age limit for directors. The proposed Ordinary Resolution 4, if passed, will enable YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin to continue to act as a Director of the Company and he shall be subject to retirement by rotation in accordance with Article 84 of the Articles of Association of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 6 – To approve the Directors' fees of RM75,000 for the financial year ended 31 March 2017**

   The proposed Ordinary Resolution 6, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2017 amounting to RM75,000.

2. **Resolution 7 – To approve the payment of Directors' benefits**

   The proposed Ordinary Resolution 7, if passed, will authorise the payment of the Directors' benefits in accordance with Section 230(1) of the Companies Act 2016 of up to an amount of RM1,119,000 from 31 January 2017 until the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS (CONT'D)

3. **Resolutions 8 and 9 – 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 who has served on the Board as Independent Non-Executive Director and will reach the nine (9) year term limit on 23 February 2018. The Nomination had also assessed the independence of Encik Mohammad Khayat bin Idris who has served on the Board as an Independent Non-Executive Director 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.

4. **Resolution 10 – Proposed renewal of the authority for the purchase of the Company's own ordinary shares of up to ten per centum (10%) of the Company's total number of issued shares**

   The proposed Ordinary Resolution 10, 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 28 July 2017.

5. **Resolution 11 – Approval for issuance of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   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 30 August 2017, 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 11, 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the forthcoming Twenty-Second Annual General Meeting, a First and Final Single Tier Dividend of 0.5 sen per share for the year ended 31 March 2017 will be paid on 29 November 2017 to Depositors registered in the Record of Depositors at the close of business on 15 November 2017.

A Depositor shall qualify for the above entitlement only in respect of: -

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 November 2017 in respect of transfers;

(b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the rules of Bursa Securities.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
MOLLY GUNN CHIT GEOK (MAICSA 0673097)
Secretaries

Date: 28 July 2017

Penang

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 30 August 2017. A renewal of this authority is being sought at the Twenty-Second 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.

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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-Second 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, 30 August 2017 at 11.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

	RESOLUTIONS	FOR	AGAINST
Resolution 1	- Declaration of First and Final Single Tier Dividend		
Resolution 2	- Re-election of Tuan Haji Ali Sabri bin Ahmad		
Resolution 3	- Re-election of Encik Mohammad Khayat bin Idris		
Resolution 4	- Re-appointment of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as a Director		
Resolution 5	- Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to determine their remuneration		
Resolution 6	- Approval of Directors' fees		
Resolution 7	- Approval of Directors' benefits		
Resolution 8	- Continuing in office for YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as Independent Non-Executive Director		
Resolution 9	- Continuing in office for Encik Mohammad Khayat bin Idris as an Independent Non-Executive Director		
Resolution 10	- Proposed renewal of the authority for the purchase of the Company's own ordinary shares of up to ten per centum (10%) of the Company's total number of issued shares		
Resolution 11	- Approval for issuance of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(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 ………………………….. 2017

Number of shares held	

____
Signature/Common Seal of Appointor

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	__________	________ %

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 23 August 2017 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

\# Applicable to shares held through a nominee account.

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Stamp

The Company Secretaries
YLI HOLDINGS BERHAD (367249-A)
45, Lorong Rahim Kajai 13,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

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