YLI HOLDINGS BERHAD
Co. No. 367249-A

DIVERSIFICATION & EXPANSION

ANNUAL REPORT 2018

CONTENTS

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Managing Director
Dato' Hj Samsuri Bin Rahmat

Executive Directors
Tuan Haji Ali Sabri Bin Ahmad
Seah Heng Chin

Independent Non-Executive Directors
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin
Mohammad Khayat Bin Idris
Dr Abdul Latif Bin Shaikh Mohamed

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

REGISTERED OFFICE

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

COMPANY SECRETARY

Chew Siew Cheng
MAICSA 7019191

AUDITORS

Baker Tilly Monteiro Heng
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, 2 Lebuh Pantai
10300 Penang
Malaysia
Tel : 04 2625333
Fax : 04 2622018

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

The Main Market of
Bursa Malaysia Securities Berhad

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

CORPORATE STRUCTURE

YLI HOLDINGS BERHAD
Co. No. 367249-A

- **100%** YEW LEAN FOUNDRY & CO. SDN. BHD. Co. No. 28131-K
  - **100%** ZENITH EASTERN (M) SDN. BHD. Co. No. 186299-T
- **100%** YEW LEAN INDUSTRIES SDN. BHD. Co. No. 271209-W
- **100%** LOGAM UTARA (M) SDN. BHD. Co. No. 170454-P
- **100%** YEW LI FOUNDRY & CO SDN. BHD. Co. No. 50391-V
- **51%** LAKSANA WIBAWA SDN. BHD. Co. No. 399854-W
- **70%** HALUAN PRISMA SDN. BHD. Co. No. 376901-W
- **70%** MRPI PIPES SDN. BHD. Co. No. 40279-V
- **37%** PINANG WATER LTD. Co. No. LL03802

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 Khidmat Kontraktor ("PKK") and under "G7" Grade by the Construction Industry Development Board ("CIDB"). It is 70% owned by YLI Holdings Berhad.

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

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

FINANCIAL REVIEW

Revenue

The Group revenue for the financial year ended 31 March 2018 ("FY2018") was RM108.735 million as compared to RM106.649 million achieved in previous financial year ("FY2017"). While sales of pipes and fittings had improved by about 12.6% (i.e. from RM88.435 million to RM99.601 million), the Group's construction business had recorded much lower revenue (of RM9.134 million) as compared to previous year (of RM18.214 million), thus resulting in a marginal net increase of approximately 2.0% in Group revenue. The lower construction revenue was primarily attributed to slower progress of the underlying projects.

Gross Profit

The gross profit for FY2018 was RM5.467 million as compared to RM10.461 million recorded in FY2017. This represents a 47.7% decrease despite the higher group's revenue in FY2018. The decline was due to lower construction and project management revenue as well as higher cost of raw materials in the current financial year.

Other Income

Other income for FY2018 was RM1.438 million as compared to RM1.703 million registered in FY2017. The decrease in other income for FY2018 was mainly due to a lower gain on fair value of contingent consideration payable and a lower gain on foreign exchange as compared to previous financial year.

Administrative Expenses

Administrative expenses for FY2018 of RM14.054 million was higher as compared to RM10.796 million in FY2017, and the increase was primarily due to goodwill written off of RM1.626 million and impairment loss on trade receivables of RM1.432 million in FY2018.

MANAGEMENT DISCUSSION & ANALYSIS

Share of Result of a Joint Venture

Share of result of a joint venture for FY2018 was a loss of RM0.033 million as compared to a profit of RM7.362 million in FY2017. The significant decline was owing to the presence in FY2017 of gain on disposal of the water treatment business in Yi Chun, China amounted to RM6.528 million and the realised gain on foreign exchange amounted to RM0.876 million upon settlement of the amounts due.

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

As a consequence of the reasons as given above, the Group recorded a loss after tax of RM12.192 million in FY2018 as compared to a profit after tax of RM3.592 million for FY2017. Coupled with a currency translation loss of RM0.014 million for FY2018 (vis-à-vis a currency translation loss of RM1.754 million in FY2017), the total comprehensive loss for FY2018 amounted to RM12.206 million (vis-à-vis a total comprehensive income of RM1.838 million for FY2017).

Equity Attributable to the Owners of the Company

The equity attributable to the owners of the Company (i.e. YLI Holdings Berhad) decreased from RM157.482 million as at the end of FY2017 to RM148.295 million as at the end of FY2018. The decrease was due to the following:

a. Total comprehensive loss of RM12.206 million for FY2018 (vis-à-vis total comprehensive income of RM1.838 million for FY2017); and
b. Payment of a first and final single tier dividend for FY2017 during the current financial year amounted to RM0.514 million.

Gearing and Liquidity

Total short term and long term borrowings of the Group (defined to include overdraft, finance lease payables, term loans and other bank borrowings, both long term and short term) as at the end of FY2018 amounted to RM30.628 million as compared to RM25.473 million as at the end of FY2017. Liquidity of the Group had remained at an adequate level as it recorded a total cash and cash equivalents of RM18.048 million as at the end of FY2018 as compared to RM22.788 million as at the end of FY2017.

Capital expenditure requirement

A total of RM1.380 million was expended during FY2018 to fulfill capital expenditure requirement and the amount to be expended within the next financial year is expected to be within the usual range of RM2 million – RM3 million for the Group.

PROSPECTS

The Malaysian economy recorded a Gross Domestic Product ("GDP") growth rate of 5.9% in 2017, up from 4.2% in 2016. However, the industry outlook for the group's business is expected to remain challenging moving forward, amidst the necessary cost-cutting measures announced by the Government and moderating GDP growth rate. The ongoing removal of government subsidies and the influx of China and India's iron and steel products in South East Asia following the relaxation of the Asean Free Trade Area ("AFTA") regime will likely continue to impact the group bottom line.

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

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

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

DIVIDEND

The board of directors does not recommend any dividend payment for the current financial year ended 31 March 2018.

SUSTAINABILITY STATEMENT

The Board of Directors is mindful of the importance of embedded sustainability within the YLI Group ("the Group") and recognizes its responsibility not only towards its stakeholders, but also to the wider community within which the Group operates.

It is our pleasure to present the Group's inaugural Sustainability Statement in line with Practice Note 9 of the Main Market Listing Requirements ("MMLR"), in particular, Part III on Sustainability Statement. This inaugural statement seeks to outline the sustainability approach adopted by the Group for the financial year 2018 and detailed disclosure on sustainability efforts by the Group will be made in the coming years.

Such efforts towards establishing the Sustainability Reporting framework will include a review of our governance structure and the development of a materiality assessment process and its accompanying matrix, alongside a reporting mechanism that tracks our progress against designated key sustainability targets for the foreseeable future.

SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE

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

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

Through a systematic governance structure, the Group strives to enforce its sustainability framework from the top management to the operational level from the economic, environmental and social perspectives.

SCOPE OF SUSTAINABILITY STATEMENT

In accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide, the Group's Sustainability framework is premised upon the evaluation of the **economic, environmental and social** perspectives. All efforts undertaken by the Group are with the intention to focus on the aforesaid sustainability matter and are based on the Group's main business operation of manufacturing and marketing of pipes and fittings.

STAKEHOLDERS UNDER THE GROUP'S SUSTAINABILITY FRAMEWORK

Under the Sustainability Reporting Guide, a stakeholder is essentially an individual or a group that has an effect on, or is affected by the organisation and its activities. The Group's key stakeholders group are as follow:

Internal Stakeholders
Employees
Investors & Shareholders

External Stakeholders
Customers
Suppliers
Government & Regulatory Bodies
Local communities

ECONOMIC

Upholding Shareholder Expectations

The Group valued the importance of continuing unwavering support from its shareholders and sought to uphold strict corporate governance to safeguard the interests of its shareholders. In particular, it will endeavour to comply with all regulatory requirements including Main Market Listing Requirements. The Group will continue to engage its shareholders in a timely and transparent manner by making regular disclosure of relevant and material information to keep its shareholders abreast of all material developments within the Group. The Group would also strive to uphold the best practices enumerated under the Malaysian Code of Corporate Governance ("MCCG") in safeguarding the best interests of its shareholders.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

Sustaining Environment Footprint of the Group

One of the main commitments of the Group is to operate in compliance with applicable environmental laws and regulations in all material respects and to protect the sustainable nature of environment by minimising the negative impact of the Group's operation on the environment.

In its efforts to minimize the negative impact from the Group's operation on the environment, the Group has implemented self-regulation initiatives under the Guided Self-Regulation (GSR) program embarked by the Department of Environment (DOE) which includes the following:

- Maintenance of an Environment Policy which defines the key environmental objective of the Group;
- Nomination of a competent person within the organisation, who has been certified as Certified Environmental Professional in Bag Filter Operation (CePBFO) and Certified Environmental Professional in Scheduled Waste Manangement (CePSWaM);
- Establishment of an Environmental Regulatory Compliance Monitoring Committee (ERCMC) (for the overseeing of implementation and effectiveness of environmental policy alongside the formulation of supplementary guidelines), where necessary and Environment Performance Committee (EPMC) (for the monitoring of operation, maintenance and performance of pollution control systems as well as waste reduction targets);
- Practice of daily performance monitoring on pollution control mechanism, i.e. with the recording of pressure drop rate, air pressure rate, temperature and air flow rate of the system; and
- Setting up of mini laboratory to support the operation and maintenance of pollution control system.

Additional precautionary action was also initiated through the setup of pollution control measures, including dust bag which is installed throughout the production floor, to filter and restrict the release of harmful pollutants generated from operation.

Stipulated practices in managing scheduled waste were implemented, with the utilisation of Electronic Scheduled Waste Information System (ESWIS) which function in documenting the origin, type and quantity of wastage as well as tracking the eventual treatment/disposal of the wastages. Ultimately, the system is linked and accessible by the waste management contractor which may lead to an efficient and absolute means of managing scheduled waste.

SOCIAL

Safe Working Environment

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. Sustainability initiatives under the social perspective undertaken by the Group include the following:

- Maintenance of a Safety and Health Policy with emphasis on safe and healthy working environment, compliance with occupational safety and health laws / regulations as well as prevention of job related injuries and illnesses;
- Establishment of a Health, Safety and Environment ("HSE") Committee to oversee and administer practices and controls related to the maintenance of health, safety and environment element within the Group;
- Regular maintenance and upkeep of safety equipment and fixtures and personal protection equipment which is provided to the Group's employees;
- Provision of trainings related to safety and health to employees to ensure they are able to meet ever-changing business requirements; and
- Mechanism for monitoring and reporting accidents which was developed and practised. Such practice records the type of accident occurred as well as identify those circumstances which are stipulated for Occupational Safety and Health Act 1994 ("OSHA") reporting. Additionally, efforts carried out to investigate each reported accident with the identification of root causes and implementation of remedial actions are documented accordingly. For record keeping purposes, reports on total loss time incurred are also produced.

Employee Diversification

Additionally, the Group also recognises the importance of employee diversification and retention. It is committed towards being an equal opportunity employer in maintaining an inclusive and fair working environment with no discrimination against gender, age or ethnicity. It will continue to comply with all prevailing laws and regulations governing human resource development and administration.

CONCLUSION

The Board recognises that embedding sustainability within the Group's business is a continuing and evolving process. The Board will strive to ensure its sustainability practices be in line with the required guidelines as provided by Bursa Malaysia Securities Berhad. Notwithstanding the work that remains to be done to achieve full compliance, the Board looks forward to bringing detailed disclosure on sustainability matters in future reports.

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2018 RM'000	**2017 RM'000**	**2016 RM'000**	**2015 RM'000**	**2014 RM'000**
Revenue	**108,735**	106,649	128,235	124,441	128,257
Profit/(Loss) Before Taxation	**(12,213)**	3,613	(3,951)	(1,251)	1,248
Profit/(Loss) After Taxation Attributed to Shareholders	**(8,659)**	5,180	(2,031)	(553)	955
Shareholders' Funds	**148,295**	157,482	153,326	154,923	151,629
Total Assets Employed	**232,299**	240,587	220,280	248,896	204,906
Profit/(Loss) After Taxation as a Percentage of Shareholders' Funds (%)	**(5.8)**	3.3	(1.3)	(0.4)	0.6
Basic/Diluted Earnings/(Loss) Per Share (sen)	**(8.42)**	5.07	(2.00)	(0.56)	0.97
Net Assets Per Share (RM)	**1.44**	1.53	1.51	1.53	1.54
No. of Shares in Issue (Net of Treasury Shares)	**102,830**	102,830	101,340	101,340	98,439

OUR PERFORMANCE

			2018 RM'000	**2017 RM'000**	**% CHANGE**
INCOME STATEMENT	Revenue		**108,735**	106,649	1.96
	Profit/(Loss) Before Taxation		**(12,213)**	3,613	*
	Profit/(Loss) After Taxation Attributed to Shareholders		**(8,659)**	5,180	*
BALANCE SHEET	Shareholders' Funds		**148,295**	157,482	(5.83)
	Total Assets Employed		**232,299**	240,587	(3.44)
RATIOS	Current Ratio	times	**1.88**	2.05	(8.29)
	Return on Equity	%	**(5.84)**	3.29	*
	Return on Total Assets	%	**(3.72)**	2.15	*
	Financial Leverage Ratio	times	**0.21**	0.16	31.25
	Basic/Diluted Earnings/(Loss) Per Share	sen	**(8.42)**	5.07	*
	Net Tangible Asset Per Share	RM	**1.44**	1.53	(5.88)
	31 March Closing Price	RM	**0.300**	0.465	(22.50)

* Not Applicable/Comparable

BOARD OF DIRECTORS

SEATED, FROM LEFT TO RIGHT

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

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

DATO' HJ. SAMSURI RAHMAT
Managing Director
Non-Independent Executive Director

STANDING, FROM LEFT TO RIGHT

DR ABDUL LATIF SHAIKH MOHAMED
Independent Non-Executive Director

TUAN HAJI ALI SABRI AHMAD
Non-Independent Executive Director

ENCIK MOHAMMAD KHAYAT IDRIS
Independent Non-Executive Director

MR. SEAH HENG CHIN
Non-Independent Executive Director

PROFILE OF DIRECTORS

TAN SRI SYED MOHD YUSOF TUN SYED NASIR

Malaysian, male, aged 70
Independent Non-Executive Chairman

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

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

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 six Board Meetings for the financial year ended 31 March 2018.

DATO' HJ. SAMSURI RAHMAT

Malaysian, male, aged 63
Managing Director
Non-Independent Executive Director

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

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

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

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended five out of six Board Meetings for the financial year ended 31 March 2018.

PROFILE OF DIRECTORS

TUAN HAJI ALI SABRI AHMAD
Malaysian, male, aged 61
Non-Independent Executive Director

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

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

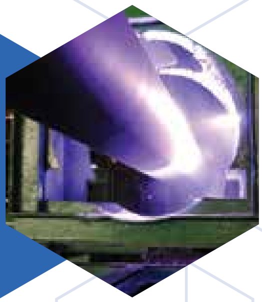
He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any other major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all six Board Meetings for the financial year ended 31 March 2018.

MR SEAH HENG CHIN
Malaysian, male, aged 44
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 six Board Meetings for the financial year ended 31 March 2018.



PROFILE OF DIRECTORS

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE LAIDIN
Malaysian, male, aged 75
Independent Non-Executive Director

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

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

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

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

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

He is currently 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 and a Senior Advisor of Open University Malaysia.

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 five out of six Board Meetings for the financial year ended 31 March 2018.

PROFILE OF DIRECTORS

ENCIK MOHAMMAD KHAYAT IDRIS
Malaysian, male, aged 65
Independent Non-Executive Director

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

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

He has over twenty five years of illustrious working experience in the academic profession. He joined Institut Teknologi Mara as a lecturer in Electrical Engineering Power in 1977 and had since held key positions within the organization. Prior to his appointment as a Director of YLI, 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 six Board Meetings for the financial year ended 31 March 2018.

DR ABDUL LATIF SHAIKH MOHAMED
Malaysian, male, aged 58
Independent Non-Executive Director

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

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

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

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

He does not hold any directorship in other public companies and listed issuer. He is not related to any director and/or any major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and no public sanction and penalty had been imposed by the relevant regulatory bodies on him during the financial year. He has attended all two Board Meetings since his appointment for the financial year ended 31 March 2018.

SENIOR MANAGEMENT TEAM

HAJI RUZLAN BIN HAJI RAHMAT
Malaysian, male, aged 58
Managing Director, MRPI Pipes Sdn Bhd

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

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

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

FINANCIAL CALENDAR

FINANCIAL YEAR END	31 March 2018	
ANNUAL GENERAL MEETING	30 August 2018	
ANNOUNCEMENT OF RESULTS	**First Quarter**	29 August 2017
	Second Quarter	28 November 2017
	Third Quarter	26 February 2018
	Fourth Quarter	31 May 2018
ANNUAL REPORT	**Date of Issuance**	31 July 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board of Directors of YLI Holdings Berhad ("YLI") wishes to present this statement to its shareholders and stakeholders with an overview of YLI's application of the Malaysian Code on Corporate Governance ("MCCG") practices for the financial year ended 31 March 2018.

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

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

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

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

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

Principle A – Board Leadership and Effectiveness

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

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

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

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

During the financial year ended 31 March 2018, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		Apr'17	May'17	Jul' 17	Aug'17	Nov'17	Feb'18	
	Directors	Position	Attendance						Total
1	Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	Non-Executive Chairman	•	•	•	•	•	•	6/6
2	Dato' Hj Samsuri bin Rahmat	Managing Director	•	•	-	•	•	•	5/6
3	Tuan Haji Ali Sabri bin Ahmad	Executive Director	•	•	•	•	•	•	6/6
4	Seah Heng Chin	Executive Director	•	•	•	•	•	•	6/6
5	Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Director	•	•	•	•	-	•	5/6

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

During the financial year ended 31 March 2018, six (6) Board Meetings were held. The attendance record of each Director is as follows:- (cont'd)

	Board of Directors' Meeting		Apr'17	May'17	Jul' 17	Aug'17	Nov'17	Feb'18	
	Directors	Position	Attendance						Total
6	Tuan Haji Ab Gani bin Haron (resigned on 30 August 2017)	Director	•	•	•	•	NA	NA	4/4
7	Mohammad Khayat bin Idris	Director	•	•	•	•	•	•	6/6
8	Dr Abdul Latif bin Shaikh Mohamed (appointed on 20 November 2017)	Director	NA	NA	NA	NA	•	•	2/2

As required under the Main Market Listing Requirements 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 2018, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Directors	Types of training	Duration
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir Dato' Hj Samsuri bin Rahmat Tuan Haji Ali Sabri bin Ahmad Seah Heng Chin Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin Mohammad Khayat bin Idris Dr Abdul Latif bin Shaikh Mohamed	Latest Amendments to Listing Requirements	2 hours

During the financial year ended 31 March 2018, the Nomination Committee held two (2) meetings and carried out the following activities in the discharge of its functions and duties:-

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

	Director's Fee (RM)	Salary and Other Emoluments (RM)	Contribution to Defined Contribution Plans (RM)	Benefit-in-Kind (RM)
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	6,000	391,000	-	132,200
Dato' Hj Samsuri bin Rahmat	42,000	812,160	121,824	68,950
Tuan Haji Ali Sabri bin Ahmad	42,000	423,920	59,358	53,950
Seah Heng Chin	17,000	338,500	47,390	37,400
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	6,000	31,000	-	20,000
Tuan Haji Ab Gani bin Haron (resigned on 30 August 2017)	2,499	17,082	-	20,000
Mohammad Khayat bin Idris	6,000	32,000	-	20,000
Dr Abdul Latif bin Shaikh Mohamed (appointed on 20 November 2017)	2,170	12,542	-	-
Total	123,669	2,058,204	228,572	352,500

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

The top 5 senior management's remuneration in bands of RM50,000 are disclosed as follows:-

Top 5 senior management	Number of Senior Management
RM100,000 – RM150,000	1
RM200,000 – RM250,000	3
RM300,000 – RM350,000	1

Principle B – Effective Audit and Risk Management

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Principle B – Effective Audit and Risk Management (Cont'd)

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

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

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

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

YLI had issued the Notice of its 22nd Annual General Meeting ("AGM") and Annual Report to the shareholders more than 28 days before the AGM and all Directors had attended the AGM to provide opportunities for shareholders to effectively engage each Director. The External Auditors also presented to provide their professional and independent clarification on issues and concerns raised by the shareholders.

COMPLIANCE WITH THE MCCG

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

This Corporate Governance Overview Statement was approved by the Board on 31 May 2018.

ADDITIONAL COMPLIANCE INFORMATION

During the financial year:

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

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

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

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

e) **Audit and Non-Audit Fees**
The amount of audit fees and non-audit fees paid or payable to the External Auditors by the Company and the Group for the financial year ended 31 March 2018 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	135,000	48,000
Non-Audit Fees	26,400	8,000

The non-audit fees were in respect of the review of the Statement of Risk Management and Internal Control, reporting of other information, realised and unrealised profit, tax services and agreed upon procedures.

AUDIT COMMITTEE REPORT

Chairman

Dr Abdul Latif bin Shaikh Mohamed
Independent Non-Executive Director

Members

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

Encik Mohammad Khayat bin Idris
Independent Non-Executive Director

TERMS OF REFERENCE

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

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

For the financial year ended 31 March 2018, four (4) Audit Committee meetings were held.

The attendance of each member is set out below:

Committee Members	Position	May '17	Aug '17	Nov '17	Feb '18	Total
		Attendance				
Dr Abdul Latif bin Shaikh Mohamed (appointed on 20 November 2017)	Chairman	NA	NA	•	•	2/2
Tuan Haji Ab Gani bin Haron (resigned on 30 August 2017)	Chairman	•	•	NA	NA	2/2
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	Member	•	•	-	•	3/4
Mohammad Khayat bin Idris	Member	•	•	•	•	4/4

Total number of meetings held: 4

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") in discharging their duties and functions in accordance with their Terms of Reference had carried out their works during the financial year ended 31 March 2018 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 2017, 1st quarter ended 30 June 2017, 2nd quarter ended 30 September 2017 and 3rd quarter ended 31 December 2017 were reviewed by the AC at their meetings held on 30 May 2017, 29 August 2017, 28 November 2017 and 26 February 2018.

2. At the AC Meeting held on 30 May 2017, the AC discussed with the external auditors their Audit Review Memorandum. The AC also reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report and recommended to the Board for approval and for inclusion in the 2017 Annual Report. The AC also approved the Internal Audit Plan for 2018. The AC also recommended the external auditors to be re-appointed at the annual general meeting of the Company to be held in 2017. The AC also reviewed the Terms of Reference of the AC.

3. The AC held two special meetings with the external auditors without the presence of management on 30 May 2017 and 28 November 2017 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.

4. At each quarterly meeting, the AC discussed whether there were any related party transactions and conflicts of interest situation that may arise within the Group and asserted that there were no related party transactions for the year ended 31 March 2018.

AUDIT COMMITTEE REPORT

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

5. At the AC meeting held on 28 November 2017, the AC reviewed and approved the External Audit Plan for the year ended 31 March 2018 and were briefed by the external auditors on the risk assessment and audit approach.

6. At the AC meeting held on 26 February 2018, the AC reviewed and approved the Internal Audit Plan for year 2019. The AC also reviewed and agreed the adequacy of the scope, functions, competency and resources of the Internal Auditors were satisfactory and that their appointment be maintained. The AC also reviewed the revised Terms of Reference of the AC and recommended to the Board for approval.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function has been outsourced since June 2008. The total costs incurred for internal audit amounted to RM61,626 for the year ended 31 March 2018.

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 2018 in accordance with their Internal Audit Plan and a summary of their activities are as follows:-

a. On 30 May 2017, the Internal Auditor presented to the AC their report on internal control review of Construction Management of Haluan Prisma Sdn. Bhd.

b. On 29 August 2017, the Internal Auditor presented to the AC their report on internal control review of Sales to Receipt 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 three findings which are still under progress.

c. On 28 November 2017, the Internal Auditor presented to the AC their report on internal control review on the Procure to Pay of Laksana Wibawa Sdn. Bhd. The internal auditors informed the Audit Committee that all previous findings have been implemented accordingly except for two findings which are still under progress.

d. On 26 February 2018, the Internal Auditor presented to the AC their report on the High Level Corporate Governance Review which highlighted the gaps between the Company's existing corporate governance practices and the prescriptions and recommendations of the Malaysian Code of Corporate Governance 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 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 Audit and Assurance Practice Guide 3 Guidance for Auditors on Engagement to Report on Statement on Risk Management and Internal Control 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 2018. 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 31 May 2018.

DIRECTORS' RESPONSIBILITY STATEMENT
IN RESPECT OF ANNUAL AUDITED FINANCIAL STATEMENTS

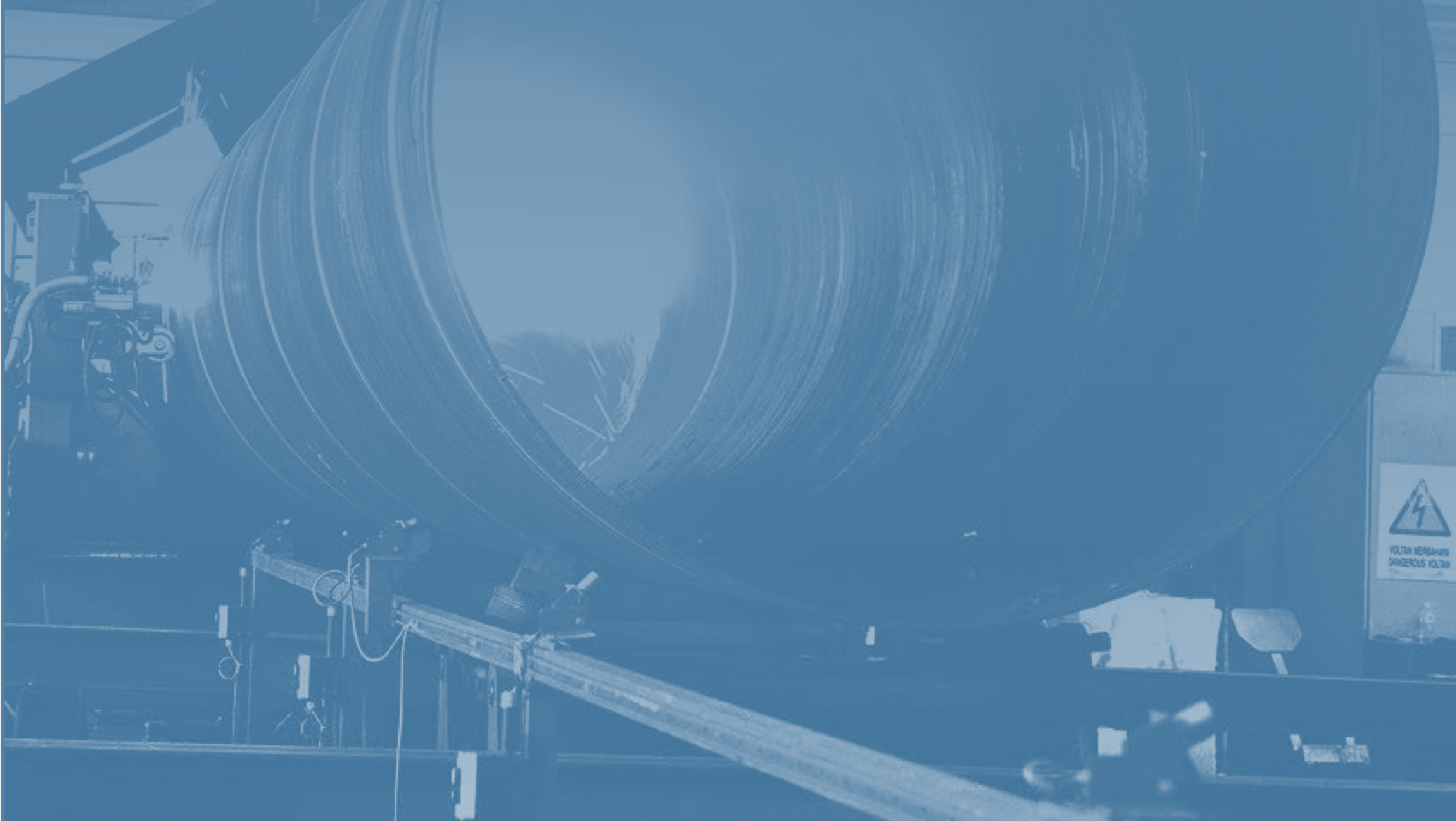
The Directors are required by the Companies Act 2016 ("CA") to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs) and the requirements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

In preparing the financial statements, the Directors have:-

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

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

FINANCIAL STATEMENTS



DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

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
Loss for the financial year	(12,192)	(470)
Loss attributable to:		
Owners of the Company	(8,659)	(470)
Non-controlling interests	(3,533)	-
	(12,192)	(470)

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM'000
Single tier first and final dividend of 0.5sen per ordinary share of RM1 each in respect of the financial year ended 31 March 2017	514

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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to 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 during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 7 to the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

There were no treasury shares purchased or sold during the financial year. The number of treasury shares held at the end of the financial year was 121,000 (2017: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2017: RM107,620).

As at 31 March 2018, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2017: 102,829,873) shares.

DIRECTORS

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

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR
DATO' HJ. SAMSURI BIN RAHMAT *
TUAN HAJI ALI SABRI BIN AHMAD *
MOHAMMAD KHAYAT BIN IDRIS
TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE BIN LAIDIN
SEAH HENG CHIN *
DR ABDUL LATIF BIN SHAIKH MOHAMED (Appointed on 20 November 2017)
TUAN HAJI AB GANI BIN HARON (Resigned on 30 August 2017)

* Directors of the Company and certain subsidiaries

DIRECTORS' REPORT

DIRECTORS (CONT'D)

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

HAJI RUZLAN BIN RAHMAT
KHOR SONG SIM
AIDIL BIN ABDUL AZIZ
ZAINUDDIN BIN OTHMAN
MOHAMAD DAMAHURI BIN MOHAMAD TAHIR

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 1.4.2017 '000	BOUGHT '000	SOLD '000	AT 31.3.2018 '000
Deemed Interest				
Dato' Hj. Samsuri bin Rahmat *	32,510	-	-	**32,510**
Tuan Haji Ali Sabri bin Ahmad *	32,510	-	-	**32,510**

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

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in 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 auditors' remuneration are disclosed in Note 7 to the financial statements.

INDEMNITY TO AUDITORS

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

DIRECTORS' REPORT

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: 5 July 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2018

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Revenue	4	**108,735**	106,649	**261**	11,632
Cost of sales	5	**(103,268)**	(96,188)	**-**	-
Gross profit		**5,467**	10,461	**261**	11,632
Other income		**1,438**	1,703	**438**	619
Selling and distribution expenses		**(2,937)**	(3,032)	**-**	-
Administrative expenses		**(14,054)**	(10,796)	**(1,191)**	(1,139)
		(16,991)	(13,828)	**(1,191)**	(1,139)
(Loss)/Profit from operations		**(10,086)**	(1,664)	**(492)**	11,112
Finance costs	6	**(2,094)**	(2,085)	**-**	-
Share of results of a joint venture		**(33)**	7,362	**-**	-
(Loss)/Profit before tax	7	**(12,213)**	3,613	**(492)**	11,112
Tax expense	9	**21**	(21)	**22**	(28)
(Loss)/Profit for the financial year		**(12,192)**	3,592	**(470)**	11,084
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		**(14)**	(1,754)	**-**	-
Total comprehensive (loss)/ income for the financial year		**(12,206)**	1,838	**(470)**	11,084
(Loss)/Profit attributable to:					
Owners of the Company		**(8,659)**	5,180	**(470)**	11,084
Non-controlling interests		**(3,533)**	(1,588)	**-**	-
		(12,192)	3,592	**(470)**	11,084
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		**(8,673)**	3,426	**(470)**	11,084
Non-controlling interests		**(3,533)**	(1,588)	**-**	-
		(12,206)	1,838	**(470)**	11,084
Earnings per share attributable to owners of the Company (sen):					
- Basic	10	**(8.42)**	5.07		
- Diluted	10	**(8.42)**	5.07		

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 2018

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**80,932**	85,170	**-**	-
Investment in subsidiaries	12	**-**	-	**74,740**	74,000
Investment in a joint venture	13	**83**	131	**-**	-
Intangible assets	14	**-**	1,626	**-**	-
		81,015	86,927	**74,740**	74,000
Current assets					
Inventories	16	**49,579**	52,139	**-**	-
Trade receivables	15	**61,237**	56,761	**-**	-
Amount due from customers for contract works	23	**6,960**	8,525	**-**	-
Other receivables, deposit and prepayments	17	**5,442**	3,732	**63**	62
Tax recoverable		**695**	488	**37**	-
Deposits, cash and bank balances		**27,371**	32,015	**4,742**	7,005
		151,284	153,660	**4,842**	7,067
TOTAL ASSETS		**232,299**	240,587	**79,582**	81,067
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**110,159**	110,159	**110,159**	110,159
Treasury shares	18	**(108)**	(108)	**(108)**	(108)
Reserves	19	**38,244**	47,431	**(31,499)**	(30,515)
Equity attributable to owners of the Company		**148,295**	157,482	**78,552**	79,536
Non-controlling interests		**(3,914)**	(381)	**-**	-
Total Equity		**144,381**	157,101	**78,552**	79,536
Liabilities					
Non-current liabilities					
Deferred tax liabilities	20	**5,261**	5,480	**-**	-
Contingent consideration payables	25	**900**	1,395	**900**	1,395
Finance lease payables	26	**1,297**	1,615	**-**	-
		7,458	8,490	**900**	1,395
Current liabilities					
Trade payables	21	**29,057**	23,070	**-**	-
Other payables, deposit and accruals	22	**21,804**	27,179	**130**	130
Amount due to customers for contract works	23	**268**	882	**-**	-
Short-term borrowings	24	**28,950**	23,494	**-**	-
Finance lease payables	26	**381**	364	**-**	-
Tax payable		**-**	7	**-**	6
		80,460	74,996	**130**	136
Total Liabilities		**87,918**	83,486	**1,030**	1,531
TOTAL EQUITY AND LIABILITIES		**232,299**	240,587	**79,582**	81,067

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 2018

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 income	-	-	-	-	(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

2018	NOTE	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 2017		**110,159**	**(108)**	**-**	**(1,467)**	**969**	**47,929**	**157,482**	**(381)**	**157,101**
Comprehensive loss										
Loss for the financial year		**-**	**-**	**-**	**-**	**-**	**(8,659)**	**(8,659)**	**(3,533)**	**(12,192)**
Transaction with owners:										
Dividends	27	**-**	**-**	**-**	**-**	**-**	**(514)**	**(514)**	**-**	**(514)**
		-	**-**	**-**	**-**	**-**	**(9,173)**	**(9,173)**	**(3,533)**	**(12,706)**
Other comprehensive loss										
Foreign currency translation differences		**-**	**-**	**-**	**-**	**(14)**	**-**	**(14)**	**-**	**(14)**
Total other comprehensive loss		**-**	**-**	**-**	**-**	**(14)**	**-**	**(14)**	**-**	**(14)**
Total comprehensive loss for the financial year		**-**	**-**	**-**	**-**	**(14)**	**(9,173)**	**(9,187)**	**(3,533)**	**(12,720)**
At 31 March 2018		**110,159**	**(108)**	**-**	**(1,467)**	**955**	**38,756**	**148,295**	**(3,914)**	**144,381**

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 2018

	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 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/ 1 April 2017	110,159	(108)	(1,467)	-	(29,048)	79,536
Loss for the financial year	-	-	-	-	(470)	(470)
Dividend paid	-	-	-	-	(514)	(514)
At 31 March 2018	**110,159**	**(108)**	**(1,467)**	**-**	**(30,032)**	**78,552**

[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.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2018

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		**(12,213)**	3,613	**(492)**	11,112
Adjustments for:					
Impairment of goodwill		**1,626**	-	**-**	-
Depreciation of property, plant and equipment		**5,655**	5,731	**-**	-
Dividends income		**-**	-	**-**	(11,388)
Interest income		**(681)**	(544)	**(151)**	(134)
Interest expense		**2,094**	2,085	**-**	-
Fair value gain on contingent consideration		**(495)**	(580)	**(495)**	(580)
Gain on disposal of property, plant and equipment		**(92)**	(28)	**-**	-
Impairment loss on trade receivables		**1,432**	-	**-**	-
Reversal of impairment loss on other receivables		**(40)**	(91)	**-**	-
Share of results from a joint venture		**33**	(7,362)	**-**	-
Unrealised loss/(gain) on foreign currency		**182**	(115)	**91**	11
Operating (loss)/profit before changes in working capital		**(2,499)**	2,709	**(1,047)**	(979)
Changes in working capital:					
Inventories		**2,560**	(9,300)	**-**	-
Trade and other receivables		**(7,604)**	(8,948)	**(1)**	(1)
Trade and other payables		**568**	23,187	**-**	1
Contract customers		**951**	(4,202)	**-**	-
Net cash flows (used in)/generated from operations		**(6,024)**	3,446	**(1,048)**	(979)
Income tax paid		**(414)**	(412)	**(22)**	(21)
Income tax refund		**1**	11	**1**	-
Interest received		**659**	521	**151**	134
Net cash flows (used in)/from operating activities		**(5,778)**	3,566	**(918)**	(866)
Cash flows from investing activities					
Advances to subsidiaries		**-**	-	**(740)**	(14,611)
Dividends (paid)/received		**(514)**	11,388	**(514)**	11,388
Purchase of property, plant and equipment		**(1,380)**	(1,195)	**-**	-
Proceeds from disposal of property, plant and equipment		**124**	104	**-**	-
(Placement)/Withdrawal of fixed deposits with licensed bank		**(129)**	749	**-**	-
Repayments from joint venture		**-**	8,104	**-**	8,065
Net cash (used in)/from investing activities		**(1,899)**	19,150	**(1,254)**	4,842
Cash flows from financing activities					
Interest paid		**(2,048)**	(1,991)	**-**	-
Net drawdown/(repayment) of short-term borrowing		**5,758**	(1,944)	**-**	-
Repayment of term loan		**-**	(2,312)	**-**	-
Repayment of finance lease		**(369)**	(295)	**-**	-
Placement of sinking fund		**(232)**	(1,052)	**-**	-
Placement of deposits pledged for credit facilities		**(38)**	(63)	**-**	-
Net cash flows from/(used in) financing activities		**3,071**	(7,657)	**-**	-

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2018

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Net (decrease)/increase in cash and cash equivalents		**(4,606)**	15,059	**(2,172)**	3,976
Cash and cash equivalents at beginning of financial year		**22,788**	7,684	**7,005**	3,040
Effects of exchange rate changes on cash and cash equivalent		**(134)**	45	**(91)**	(11)
Cash and cash equivalents at end of the financial year		**18,048**	22,788	**4,742**	7,005

Reconciliation of liabilities arising from financing activities:

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

CASH AND CASH EQUIVALENTS

	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Deposits with licensed banks	**17,141**	17,973	**4,000**	5,000
Cash and bank balances	**10,230**	14,042	**742**	2,005
Deposits, cash and bank balances	**27,371**	32,015	**4,742**	7,005
Less: Bank overdrafts (Note 24)	**(1,887)**	(2,189)	**-**	-
Bank balances and deposits pledged for financing facilities	**(3,056)**	(2,787)	**-**	-
Non-short term deposits	**(4,380)**	(4,251)	**-**	-
Total cash and cash equivalents	**18,048**	22,788	**4,742**	7,005

(a) The deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 2.95% to 3.68% (2017: 3.15% to 3.73%) and 3.45% to 3.68% (2017: 3.17% to 3.45%) per annum respectively and mature within 1 month to 12 months (2017: 1 month to 12 months) and 1 month to 3 months (2017: 1 month to 3 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 RM1,083,288 and RM200,000 (2017: 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 2.95% to 3.68% (2017: 3.15% to 3.73%) per annum and mature within 6 months to 12 months.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

1. CORPORATE INFORMATION

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

The principal activities of the Company are 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 July 2018.

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 MFRSs

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 12	Disclosure of Interest in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

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.

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

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards.

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

The Group is currently assessing the impact of the adoption of the above standards.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

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") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

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

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 leases 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 leases. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

MFRS 17 Insurance Contracts

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

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") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

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

Amendments to MFRS 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 9 Financial Instruments

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

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

Amendments to MFRS 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.

Amendments to MFRS 112 Income Taxes

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

Amendments to MFRS 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

IC Int 23 Uncertainty over Income Tax Treatments

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

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

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

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

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

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

(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 2018

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) 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.

(ii) 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.

(iii) Inventories (Note 16) – The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

(iv) Recoverable amount of non-financial assets (Note 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 2018

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.

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) <u>Acquisition method of accounting</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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

(i) Acquisition method of accounting (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(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.

Joint ventures

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency (cont'd)

(iii) Principal closing rates

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

	2018 RM	2017 RM
1 Singapore Dollar ("SGD")	**2.95**	3.16
1 United States Dollar ("USD")	**3.86**	4.42
1 Sri Lankan Rupee ("LKR")	**0.02**	0.03
1 Chinese Yuan ("CNY")	**0.62**	0.64

(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.

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%

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (cont'd)

(iii) Dividend income

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

(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 2018

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 2018

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 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Fair value measurement

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Sales of goods	**99,449**	88,301	**-**	-
Construction work and project management	**9,134**	18,214	**-**	-
Interest income from licensed banks	**152**	134	**151**	134
Dividend income	**-**	-	**-**	11,388
Management fees	**-**	-	**110**	110
	108,735	106,649	**261**	11,632

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

5. COST OF SALES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction work and project management	**10,355**	16,951	**-**	-
Manufacturing and trading of goods	**92,913**	79,237	**-**	-
	103,268	96,188	**-**	-

6. FINANCE COSTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expenses on:				
- bank overdraft	**159**	214	**-**	-
- term loans	**-**	38	**-**	-
- other short term borrowings	**1,935**	1,833	**-**	-
	2,094	2,085	**-**	-

7. (LOSS)/PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration:				
- statutory audit	**118**	117	**35**	35
- under provision in prior financial year	**20**	8	**16**	8
- other services	**15**	14	**5**	5
Allowance for doubtful debt	**1,432**	-	**-**	-
Depreciation of property, plant and equipment	**5,655**	5,731	**-**	-
Directors' fee	**125**	125	**75**	75
Directors' other emoluments	**2,805**	2,863	**485**	485
Employee benefits expense (including key management personnel)				
- contribution to defined contribution plan	**1,557**	1,450	**-**	-
- salaries, wages and others	**12,163**	11,811	**-**	-
- other employee benefits	**775**	756	**-**	-
Fair value gain on remeasurement of contingent consideration payables	**(495)**	(580)	**(495)**	(580)
Impairment of goodwill	**1,626**	-	**-**	-
Interest income from licensed banks	**(681)**	(544)	**(151)**	(134)
Gain on disposal of property, plant and equipment	**(92)**	(28)	**-**	-
Net (gain)/loss on foreign exchange:				
- realised	**(29)**	(312)	**57**	(49)
- unrealised	**182**	(115)	**91**	11
Rental expense				
- land and building	**170**	129	**-**	-
- machinery and equipment	**125**	195	**-**	-
Rental income	**-**	(1)	**-**	-
Reversal of impairment loss on other receivables	**(40)**	(91)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors				
Fees	**101**	101	**51**	51
Salaries and other emoluments	**2,036**	2,080	**-**	-
Contributions to defined contribution plans	**284**	298	**-**	-
	2,421	2,479	**51**	51

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.

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-executive directors				
Fees	**24**	24	**24**	24
Other emoluments	**485**	485	**485**	485
	509	509	**509**	509

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Estimated monetary value of benefits-in-kind	**370**	374	**180**	180

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
Malaysian income tax				
Current financial year	**107**	322	**-**	28
Under provision in prior financial year	**91**	(113)	**(22)**	-
	198	209	**(22)**	28
Deferred tax:				
Origination and reversal of temporary differences	**(223)**	(186)	**-**	-
Under/(Over) provision in prior financial year	**4**	(2)	**-**	-
	(219)	(188)	**-**	-
Tax expense	**(21)**	21	**(22)**	28

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
(Loss)/Profit before tax	**(12,213)**	3,613	**(492)**	11,112
Tax at the Malaysian statutory income tax rate of 24% (2017: 24%)	**(2,931)**	867	**(118)**	2,667
Deferred tax assets not recognised during the financial year	**1,210**	525	**69**	40
Effect on share of results of joint venture	**8**	(1,767)	**-**	-
Non-taxable income	**(167)**	(179)	**(119)**	(2,872)
Tax effect on non-deductible expenses	**1,868**	980	**181**	205
Tax effect on double deduction expenses	**(22)**	(19)	**(13)**	(12)
Tax effect for special incentive for exports	**(74)**	(271)	**-**	-
(Over)/Under provision in prior financial year:				
- current tax	**91**	(113)	**(22)**	-
- deferred tax	**(4)**	(2)	**-**	-
Tax expense	**(21)**	21	**(22)**	28

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (Loss)/Earnings per share

Basic (loss)/earnings 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	
	2018	**2017**
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	**(8,659)**	5,180
Weighted average number of ordinary shares outstanding during the financial year (adjusted for treasury shares) ('000)	**102,830**	102,098
Basic (loss)/earnings per ordinary share (sen)	**(8.42)**	5.07

(b) Diluted Earnings per share ("DEPS")

The diluted earnings per ordinary share of the Group for the financial year 2017 are equivalent to the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

No DEPS is computed for financial year 2018 as the effect is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

11. PROPERTY, PLANT AND EQUIPMENT

GROUP 2018	LAND AND BUILDINGS RM'000	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	OFFICE AND OTHER EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK IN PROGRESS RM'000	TOTAL RM'000
Cost							
At 1 April 2017	70,897	118,478	863	1,709	6,473	12,627	211,047
Additions	117	1,116	5	38	172	-	1,448
Disposals	-	(28)	(18)	(480)	(575)	-	(1,101)
At 31 March 2018	**71,014**	**119,566**	**850**	**1,267**	**6,070**	**12,627**	**211,394**
Accumulated depreciation							
At 1 April 2017	22,282	97,336	474	1,297	3,902	-	125,291
Charge for the financial year	1,140	3,814	31	110	560	-	5,655
Disposals	-	(24)	(11)	(468)	(567)	-	(1,070)
At 31 March 2018	**23,422**	**101,126**	**494**	**939**	**3,895**	**-**	**129,876**
Accumulated impairment loss							
At 1 April 2017/ 31 March 2018	**-**	**-**	**-**	**-**	**-**	**586**	**586**
Net carrying amount							
At 31 March 2018	**47,592**	**18,440**	**356**	**328**	**2,175**	**12,041**	**80,932**
2017							
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/Written Off	-	(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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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

Analysis of land and buildings:

GROUP 2018	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 2017	21,826	39,441	5,717	867	188	2,858	70,897
Additions	-	-	-	-	-	117	117
At 31 March 2018	**21,826**	**39,441**	**5,717**	**867**	**188**	**2,975**	**71,014**
Accumulated depreciation							
At 1 April 2017	6,753	12,677	-	262	66	2,524	22,282
Charge for the financial year	401	670	-	12	2	55	1,140
At 31 March 2018	**7,154**	**13,347**	**-**	**274**	**68**	**2,579**	**23,422**
Net carrying amount							
At 31 March 2018	**14,672**	**26,094**	**5,717**	**593**	**120**	**396**	**47,592**
2017							
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

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

	GROUP 2018 RM'000	GROUP 2017 RM'000
Motor vehicles	**1,863**	2,280

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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

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

	GROUP	
	2018 RM'000	**2017 RM'000**
Buildings on leasehold land	**10,684**	11,028
Leasehold land	**5,487**	5,559
Freehold land	**1,417**	1,417
	17,588	18,004

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

	GROUP	
	2018 RM'000	**2017 RM'000**
Additions of property, plant and equipment	**1,448**	2,436
Less: Financed by finance lease arrangement	**(68)**	(1,241)
	1,380	1,195

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

During the financial year, the Group estimated the recoverable amount of the capital work in progress at RM8,200,000 (2017: RM8,200,000) 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 replacement costs of the assets and the accrued depreciation for age and obsolescence.

12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2018 RM'000	**2017 RM'000**
Unquoted shares, at cost		
At 1 April 2017/2016	**72,309**	72,309
Less: Accumulated impairment loss	**(43,114)**	(43,114)
	29,195	29,195
Amounts due from subsidiaries	**25,145**	24,405
Redeemable Convertible Preference Share issued by a subsidiary	**20,400**	20,400
At 31 March	**74,740**	74,000

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) In the previous 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
		2018	2017	
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.

NOTES TO THE FINANCIAL STATEMENTS
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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:

2018	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	**(5,106)**	**631**	**562**	**(3,913)**
Loss allocated to NCI	**(1,989)**	**(804)**	**(739)**	**(3,532)**
Total other comprehensive income allocated to NCI	**-**	**-**	**-**	**-**
Total comprehensive loss allocated to NCI	**(1,989)**	**(804)**	**(739)**	**(3,532)**
2017				
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)

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:

2018	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
Assets and liabilities			
Non-current assets	**34,662**	**1,187**	**2,463**
Current assets	**37,418**	**17,733**	**4,894**
Non-current liabilities	**(345)**	**(10)**	**-**
Current liabilities	**(61,782)**	**(16,642)**	**(6,188)**
Net assets	**9,953**	**2,268**	**1,169**
Results			
Revenue	**29,257**	**9,134**	**8,522**
Loss for the financial year	**(4,060)**	**(2,680)**	**(2,462)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive loss for the financial year	**(4,060)**	**(2,680)**	**(2,462)**

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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):

2018	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	**(1,414)**	**(3,185)**	**(1,345)**
- investing activities	**(233)**	**(110)**	**(29)**
- financing activities	**2,067**	**345**	**1,669**
Net increase/(decrease) in cash and cash equivalents	**420**	**(2,950)**	**295**
Dividend paid to NCI	**-**	**-**	**-**

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)
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	-	-	-

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares, at cost	**- ***	- *	**- ***	-
Share of post-acquisition reserves	**83**	131	**-**	-
	83	131	**-**	-

* The cost of investment in a joint venture as at 31 March 2018 and 31 March 2017 is RM141.

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

The details of joint venture is as follow:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2018	2017	PRINCIPAL ACTIVITIES
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. The Company remain inactive since 2017.

* Audited by Messrs. Baker Tilly Monteiro Heng for the purpose of consolidation in the financial statements of the Group

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

	GROUP	
	2018 RM'000	2017 RM'000
Assets and liabilities		
Non-current assets	**-***	-
Current assets	**236**	385
Current liabilities	**(12)**	(32)
Net assets	**224**	353

* The non-current assets in a joint venture as at 31 March 2018 is RM8.

Included in the assets and liabilities are:

	GROUP	
	2018 RM'000	2017 RM'000
Cash and cash equivalents	**234**	385
Current financial liabilities (excluding trade and other payables and provision)	**-**	17

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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

	GROUP	
	2018 RM'000	2017 RM'000
RESULTS		
Revenue	**-**	2,978
Depreciation	**-**	-
Interest expense	**-**	77
Income tax expense	**-**	45
Profit for the financial year	**(90)**	17,529
Other comprehensive income	**-**	2,367
Total comprehensive income for the financial year	**-**	19,896

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	
	2018 RM'000	2017 RM'000
Group's share of net assets	**83**	131
Share of results by the Group for the financial year	**(33)**	7,362
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	
	2018 RM'000	2017 RM'000
Goodwill on business combination		
At cost	**-**	1,626

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.

During the financial year, the Group has written off the goodwill based on the latest approved cash flow projection.

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:

	2018 %	2017 %
Budgeted gross margin	**5**	5
Growth rate [1]	**3**	5
Discount rate [2]	**7.92**	8.00

[1] 3% (2017: 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

NOTES TO THE FINANCIAL STATEMENTS
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14. INTANGIBLE ASSETS (CONT'D)

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 in the previous financial year, 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	
	2018 RM'000	2017 RM'000
Current		
Trade receivables	**66,477**	52,819
Retention sums	**223**	7,973
Amount due from a corporate shareholder	**-**	-
Less: Allowance for impairment loss	**(5,463)**	(4,031)
	61,237	56,761

(a) Credit term of trade receivables

The Group's normal trade credit term extended to customers ranges from 1 to 120 days (2017: 1 to 120 days).

(b) Ageing analysis of trade receivables

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

	GROUP	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	**26,081**	29,082
1 to 30 days past due but not impaired	**9,266**	7,613
31 to 60 days past due but not impaired	**5,701**	4,987
61 to 90 days past due but not impaired	**5,666**	5,615
91 to 180 days past due but not impaired	**5,928**	5,047
More than 181 days past due but not impaired	**8,595**	4,417
	35,156	27,679
Impaired	**5,463**	4,031
	66,700	60,792

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 RM35,156,460 (2017: RM27,678,731) 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.

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15. TRADE RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables (cont'd)

Receivables that are impaired

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

	GROUP	
	2018 RM'000	2017 RM'000
At 1 April 2017/2016	**4,031**	4,031
Charge for the financial year (Note 7)	**1,432**	-
At 31 March	**5,463**	4,031

As at 31 March 2018, the Group's trade receivables of RM5,462,725 (2017: RM4,031,079) were impaired. The individually impaired trade receivables are mainly under litigation and hence the recoverability is uncertain. These receivables are not secured by any collateral or credit enhancements.

16. INVENTORIES

	GROUP	
	2018 RM'000	2017 RM'000
At cost:		
Raw materials	**7,950**	12,300
Work in progress	**7,140**	2,800
Finished goods	**34,489**	37,039
	49,579	52,139

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group amounts to RM92,912,315 (2017: RM79,237,676).

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	**1,773**	916	**60**	59
Less: Allowance for impairment loss	**(52)**	(92)	**-**	-
	1,721	824	**60**	59
Deposits	**1,049**	1,036	**3**	3
Goods and Services Tax refundable	**201**	148	**-**	-
Advance payment to suppliers	**1,517**	639	**-**	-
Prepayments	**954**	1,085	**-**	-
	5,442	3,732	**63**	62

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

18. SHARE CAPITAL AND TREASURY SHARES

	GROUP/COMPANY			
	2018		2017	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Issued and fully paid				
At 1 April 2017/2016	**102,951**	**110,159**	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**	102,951	110,159
	'000	**RM'000**	**'000**	**RM'000**
Ordinary shares of RM1.00 each				
Treasury shares				
At 1 April 2017/2016/31 March	**121**	**108**	121	108

(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.

In the previous 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.

These ordinary shares issued 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 (2017: 121,000) units. Such treasury shares are held at a carrying amount of RM107,620 (2017: 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 2018, the number of outstanding shares in issue after setting off treasury shares against equity is 102,829,873 (2017: 102,829,873) shares.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

19. RESERVES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital reserve	**(1,467)**	(1,467)	**(1,467)**	(1,467)
Foreign currency translation reserve	**955**	969	**-**	-
Distributable				
Retained earnings/(Accumulated losses)	**38,756**	47,929	**(30,032)**	(29,048)
	38,244	47,431	**(31,499)**	(30,515)

(a) Capital reserve

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

(b) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	**5,480**	5,668	**-**	-
Recognised in profit or loss (Note 9)	**(219)**	(188)	**-**	-
At 31 March	**5,261**	5,480	**-**	-

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Difference between the carrying amounts of property, plant and equipment and their tax base	**5,209**	5,359	**-**	-
Taxable temporary differences in respect of income	**52**	121	**-**	-
	5,261	5,480	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

20. DEFERRED TAX LIABILITIES (CONT'D)

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unabsorbed capital allowances	**6,171**	5,336	**-**	-
Unutilised tax losses	**42,692**	38,485	**1,799**	1,510
	48,863	43,821	**1,799**	1,510

21. TRADE PAYABLES

	GROUP	
	2018 RM'000	2017 RM'000
External parties	**29,057**	23,070

The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2017: 30 to 90 days).

Included in the trade payables are retention sums amounting to RM316,445 (2017: RM6,531,132).

22. OTHER PAYABLES, DEPOSIT AND ACCRUALS

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables	**2,515**	1,598	**-**	-
Deposit	**-**	16	**-**	-
Accruals	**1,944**	7,023	**130**	130
Goods and Services Tax payable	**287**	152	**-**	-
Amount due to corporate shareholder of a subsidiary	**-**	222	**-**	-
Advances received from customers	**17,058**	18,168	**-**	-
	21,804	27,179	**130**	130

(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 RM Nil (2017: RM4,534,932).

(c) Advances received from customers are mainly related to advance payment by certain contractors for purchases of raw material and projects.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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

	GROUP	
	2018 RM'000	**2017 RM'000**
Cost incurred to date	**286,737**	276,570
Add: Attributable profits	**13,165**	14,337
Less: Expected losses recognised	**(59)**	-
	299,843	290,907
Less: Progress billings	**293,151**	283,264
	6,692	7,643
Amount due from customers for contract works	**6,960**	8,525
Amount due to customers for contract works	**(268)**	(882)
	6,692	7,643

24. SHORT-TERM BORROWINGS

	GROUP	
	2018 RM'000	**2017 RM'000**
Secured		
Bank overdraft	**1,887**	2,189
Banker's acceptances	**14,068**	13,507
Trust receipts	**6,567**	3,271
Revolving credit	**2,000**	2,000
Islamic trade financing	**4,428**	2,527
	28,950	23,494

Included in trust receipts are amounts of RM596,176 (2017: RM2,261,378) denominated in United States Dollar and RM Nil (2017: RM141,883) 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 3.15% to 7.71% (2017: 2.65% to 8.70%) per annum.

25. CONTINGENT CONSIDERATION PAYABLES

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

<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 ended 31 March 2016 ("Profit Guarantee Period"). The issuance of 3,000,000 new shares in the Company is withheld and to be issued to the vendor at the end of the Profit Guarantee Period or at the end of any such earlier financial year subject to the fulfilment of the Profit Guarantee. As at 31 March 2018, the Profit Guarantee has not been met.

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26. FINANCE LEASE PAYABLES

	GROUP	
	2018 RM'000	**2017 RM'000**
Future minimum lease payments	**1,872**	2,250
Less: Future finance charges	**(194)**	(271)
Total present value of minimum lease payments	**1,678**	1,979
Payable within one year		
Future minimum lease payments	**453**	452
Less: Future finance charges	**(72)**	(88)
Present value of minimum lease payments	**381**	364
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	**1,311**	1,496
Less: Future finance charges	**(120)**	(173)
Present value of minimum lease payments	**1,191**	1,323
Payable later than 5 years		
Future minimum lease payments	**108**	302
Less: Future finance charges	**(2)**	(10)
Present value of minimum lease payments	**106**	292
Total present value of minimum lease payment	**1,678**	1,979

The finance lease payables of the Group bear interest rates ranging from 2.43% to 2.96% (2017: 2.43% to 2.96%) per annum.

27. DIVIDENDS

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

28. CAPITAL COMMITMENTS

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

	GROUP	
	2018 RM'000	**2017 RM'000**
Approved and contracted for	**3,256**	3,256
Approved but not contracted for	**13,327**	13,327

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL GUARANTEES

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Corporate guarantee granted to financial institutions for banking facilities granted to its subsidiaries and a joint venture				
- total banking facilities	**-**	1,637	**115,850**	79,486
- total utilised	**-**	-	**42,034**	35,378

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.

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	
	2018 RM'000	2017 RM'000
Significant transaction with corporate shareholder of a subsidiary		
Rental paid/payable	**162**	300

	COMPANY	
	2018 RM'000	2017 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.

NOTES TO THE FINANCIAL STATEMENTS
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30. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

The remuneration of the key management personnel is as follows:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fees, salaries and other employee benefits	**2,137**	2,181	**51**	51
Contribution to defined contribution plans	**284**	298	**-**	-
Estimated monetary value of benefits-in-kind	**177**	188	**20**	20
	2,598	2,667	**71**	71

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.
Others	Management and supply of treated water which is held as investment of the Group in a joint venture. The Company remain inactive since 2017.

Segment revenue and results

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

Segment assets and liabilities

Segment assets and liabilities are measured based on all assets (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 RM20,826,309 (2017: RM17,925,139).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

31. SEGMENT INFORMATION (CONT'D)

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

2017	GROUP MANUFACTURING AND TRADING RM'000	OTHERS 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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and receivables				
Trade receivables	**61,237**	56,761	**-**	-
Other receivables and deposits	**2,770**	1,860	**63**	62
Amount due from customers for contract works	**6,960**	8,525	**-**	-
Deposit, cash and bank balances	**27,371**	32,015	**4,742**	7,005
Total financial assets	**98,338**	99,161	**4,805**	7,067
Financial liabilities at amortised costs				
Trade payables	**29,057**	23,070	**-**	-
Other payables, deposit and accruals	**4,459**	8,859	**130**	130
Amount due to customers for contract works	**268**	882	**-**	-
Finance lease payable	**1,678**	1,979	**-**	-
Short-term borrowings	**28,950**	23,494	**-**	-
Total financial liabilities	**64,412**	58,284	**130**	130
Financial liability at fair value through profit or loss				
Contingent consideration payables	**900**	1,395	**900**	1,395

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 RM28,950,139 (2017: RM23,493,487) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM1,677,451 (2017: RM1,978,976), expose the Group to fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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

(a) Interest rate risk (cont'd)

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 (loss)/profit after tax for the financial year would increase or decrease by RM220,021 (2017: RM178,550), 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.

The Group and the Company have no significant concentration of credit risk other than approximately 62% (2017: 55%) of the trade receivables balance of the Group relate to 5 (2017: 7) 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 RM42,034,000 (2017: RM35,378,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

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:

2018	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	**900**	**900**	**-**	**900**	**-**	**-**
Payables, deposit and accruals	**33,516**	**33,516**	**33,516**	**-**	**-**	**-**
Borrowings	**30,628**	**31,459**	**29,403**	**452**	**1,496**	**108**
	65,044	**65,875**	**62,919**	**1,352**	**1,496**	**108**
2017						
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

2018	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	**900**	**900**	**-**	**900**	**-**	**-**
Accruals	**130**	**130**	**130**	**-**	**-**	**-**
Financial guarantee contracts *	**42,034**	**42,034**	**42,034**	**-**	**-**	**-**
	43,064	**43,064**	**42,164**	**900**	**-**	**-**
2017						
Company						
Contingent consideration payables	1,395	1,395	-	-	1,395	-
Accruals	130	130	130	-	-	-
Financial guarantee contracts *	35,378	35,378	35,378	-	-	-
	36,903	36,903	35,508	-	1,395	-

* 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 2018, approximately RM42,034,000 (2017: RM35,378,000) of the banking facilities were utilised by the said subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2018

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

(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.

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

2018	USD RM'000	SGD RM'000	CNY RM'000	LKR RM'000	TOTAL RM'000
Financial Assets					
Trade receivables	**571**	**1,447**	**-**	**7**	**2,025**
Cash and bank balances	**805**	**113**	**-**	**-**	**918**
	1,376	**1,560**	**-**	**7**	**2,943**
Financial Liability					
Short-term borrowings	**(596)**	**-**	**-**	**-**	**(596)**
	(596)	**-**	**-**	**-**	**(596)**
Currency exposure on net financial assets	**780**	**1,560**	**-**	**7**	**2,347**
2017					
Financial Assets					
Trade receivables	-	1,660	-	7	1,667
Deposits, 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

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 2018 and 31 March 2017, there were no forward foreign currency exchange contract.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

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.

(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:

	2018		2017	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
GROUP				
Financial liabilities				
Finance lease payables	**1,678**	**1,625**	1,979	1,900

35. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's liabilities as at 31 March 2018 and 2017:

Liabilities for which fair values are disclosed:

2018	FAIR VALUE RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
Non-current				
Contingent consideration payables	**(900)**	**-**	**-**	**(900)**
Current				
Finance lease payables	**(1,625)**	**-**	**(1,625)**	**-**

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)	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

35. FAIR VALUE HIERARCHY (CONT'D)

Liabilities carried at fair value:

During the financial year ended 31 March 2018 and 2017, 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	
	2018	**2017**	**2018**	**2017**
Total borrowings (RM'000)	**30,628**	25,473	**-**	-
Total equity (RM'000)	**144,381**	157,101	**78,552**	79,536
Total capital (RM'000)	**175,009**	182,574	**78,552**	79,536
Gearing ratio (%)	**17.50%**	13.95%	**-**	-

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

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of YLI Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 32 to 84 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors date 5 July 2018.

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 32 to 84 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 5 July 2018.

Before me,

Commissioner for Oaths
TAN KIM CHOOI (W661)
16th Floor, Wisma Sime Darby,
Jalan Raja Laut,
50350 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of YLI Holdings Berhad, which comprise the statements of financial position as at 31 March 2018 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 32 to 84.

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 2018, 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)(i))

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 competency, capabilities and objectivity of the external valuer which includes consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement;
- reading the valuation reports and discussed with external valuer on their valuation approach and the significant judgements they made; and
- understanding the valuation approach used of the key assumptions.

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)(iii))

As at 31 March 2018, the Group's inventories amounted to RM49.6 million. The Group's inventories are measured at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values.

Our audit response:

Our audit procedures included, among others:

- reviewing the design and implementation of the identified controls associated with inventories;
- attending year end physical inventory count to observe physical existence and condition of the inventories and reviewing the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on the identified inventory items; and
- Evaluating the audit procedures performed by the component auditors.

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

As at 31 March 2018, the Group's trade receivables amounted to RM61.2 million. 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 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:

- understanding the design and the implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue as at 31 March 2018;
- developing understanding of credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- reviewing subsequent receipts, considering level of activity with the customer and the Group's explanation on recoverability of balances which are significantly past due; and
- evaluating the audit procedures performed by the component auditors.

Investment in subsidiaries (Note 12 and Note 2(d)(iv))

The Company determined whether there is any indication of impairment in investment in subsidiaries.

The recoverable amount of investment in subsidiaries was determined based on value-in-use which involves exercise of significant judgement on the discount rate applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our audit response:

Our audit procedures focused on evaluating the cash flow projections and the Companies' forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Companies' assumptions to externally derived data as well as our assessments in relation to key assumptions;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

INDEPENDENT AUDITORS' REPORT

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

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

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

- 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.

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 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

Andrew Choong Tuck Kuan
No. 03264/04/2019 J
Chartered Accountant

Kuala Lumpur

Date: 5 July 2018

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2018 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	1,082	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,172	35	
	Machine workshop	3,200 sq. ft.		27	
	Canteen	2,050 sq. ft.		22	
	Office building	7,949 sq. ft.		22	
2462, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	3,391	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	3,833	18	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	1,804	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,095	26	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	1,353	N/A	6 May 2004
	Factory Building	24,208 sq. ft.	1,096	28	
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		27	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	5,527	N/A	30 March 2009
	Factory Building	12,689 sq. metres	12,722	17	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		431	21	

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2018 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	2,367	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,436	22	
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	120	22	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.	236	22	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		90	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)	18	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.	1,016	5	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 29 June 2018

Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share
Issued Share Capital	: RM102,829,873 * consisting of 102,829,873 ordinary shares
Number of Holders	: 2,161

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 29 JUNE 2018

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	%*
39	less than 100 shares	805	0.00
267	100 to 1,000 shares	197,296	0.19
1,197	1,001 to 10,000 shares	5,660,832	5.51
562	10,001 to 100,000 shares	20,162,427	19.61
94	100,001 to less than 5% of issued shares	34,986,124	34.02
2	5% and above of issued shares	41,822,389	40.67
2,161		**102,829,873**	**100.00**

* The issued share capital is as per Record of Depositors as at 29 June 2018 exclusive of 121,000 shares held as treasury shares

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 29 JUNE 2018

	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	2,316,300	2.25
7	SULTAN IDRIS SHAH	1,182,200	1.15
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHD NAZASLI BIN ABDUL AZIZ (MY1484)	971,500	0.94
9	CHAN CHEE CHOY	695,900	0.68
10	KHOR KENG SAW @ KHAW AH SOAY	684,600	0.67
11	BUMIRAYA ARMANI SDN BHD	591,400	0.58
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	579,800	0.56
13	WANG HSUEH YING	526,000	0.51
14	SIM KAH HOON	501,900	0.49
15	PUAH AH CHIN	480,000	0.47

ANALYSIS OF SHAREHOLDINGS

As at 29 June 2018

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 29 JUNE 2018 (CONT'D)

	NAME	SHAREHOLDINGS	%
16	HOO WAN FATT	445,200	0.43
17	LEONG CHEE HOK	435,000	0.42
18	TIAH EWE LIANG	400,000	0.39
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HON KWONG YEW (M09)	400,000	0.39
20	NG HAY LIAN	388,300	0.38
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ONG (L GARDEN-CL)	370,700	0.36
22	WONG KEE CHONG	366,300	0.36
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	360,000	0.35
24	LIM KEN ANG	314,400	0.31
25	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	314,000	0.31
26	CHENG YOONG CHOONG	300,000	0.29
27	GOH THONG BENG	280,000	0.27
28	YEAP KUAN NYAH	273,000	0.27
29	LAI THIAM POH	261,900	0.25
30	TAN PER LIN	250,500	0.24
	TOTAL	**66,533,719**	**64.73**

ANALYSIS OF SHAREHOLDINGS

As at 29 June 2018

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 29 June 2018 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 29 June 2018.

* 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 29 June 2018 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	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-
Dr Abdul Latif bin Shaikh Mohamed	-	-	-	-

Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 29 June 2018.

* 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-Third 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 Thursday, 30 August 2018 at 11.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon. — Please refer to Note A

AS ORDINARY BUSINESS

2. To re-elect Mr Seah Heng Chin who retires in accordance with Article 84 of the Company's Articles of Association. — (Resolution 1)

3. To re-elect Dr Abdul Latif bin Shaikh Mohamed who retires in accordance with Article 86 of the Company's Articles of Association. — (Resolution 2)

4. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to determine their remuneration. — (Resolution 3)

AS SPECIAL BUSINESS

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

Ordinary Resolutions

5. To approve the payment of Directors' fees for the financial year ended 31 March 2018 and Directors' benefits from 31 August 2018 until the next Annual General Meeting of the Company up to an aggregate amount of RM923,000. — (Resolution 4)

6. **Authority to continue in office as Independent Non-Executive Directors**

   (i) "THAT authority be and is hereby given to YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — (Resolution 5)

   (ii) "THAT authority be and is hereby given to Encik Mohammad Khayat bin Idris who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — (Resolution 6)

7. **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 7)

   "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."

8. **Approval for issuance of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016** (Resolution 8)

"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."

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

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
Company Secretary

Penang

Date: 31 July 2018

NOTICE OF ANNUAL GENERAL MEETING

Note A

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, participate, speak and vote on his behalf.

2. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act 2016.

8. Only members registered in the Record of Depositors as at 24 August 2018 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 – To approve the Directors' fees and benefits**

   Pursuant to Section 230 of the Act, any fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

   The proposed Ordinary Resolution 4, if passed, will authorise the payment of Directors' fees for the financial year ended 31 March 2018 and Directors' benefits from 31 August 2018 until the next Annual General Meeting of the Company up to an aggregate amount of RM923,000.

2. **Resolutions 5 and 6 – Authority to continue in office as Independent Non-Executive Directors**

   The Nomination Committee had assessed the independence of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin and Encik Mohammad Khayat bin Idris who have served on the Board as Independent Non-Executive Directors for a cumulative term of more than nine (9) years. The Board has recommended that the approval of the shareholders be sought to re-appoint YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin and Encik Mohammad Khayat bin Idris as Independent Non-Executive Directors as both of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:-

   (i) Have vast experience in the various industries the Group is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgment;
   (ii) Consistently challenge the management in an effective and constructive manner;
   (iii) Have good and thorough understanding of the main drivers of the business in a detailed manner;
   (iv) Actively participate in board deliberations and decision making in an objective manner; and
   (v) Exercise due care in all undertakings of the Group and carry out their fiduciary duties in the interest of the Company and minority shareholders.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS (CONT'D)

3. **Resolution 7 – 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 7, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information, please refer to the Statement to Shareholders dated 31 July 2018.

4. **Resolution 8 – 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 2018, the Board is desirous of seeking a fresh general mandate at the forthcoming AGM. This Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

   The proposed Ordinary Resolution 8, if passed, will from the date of the above meeting give the Directors of the Company authority to allot and issue ordinary shares in the Company of up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

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 2018. A renewal of this authority is being sought at the Twenty-Third 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-Third Annual General Meeting of the Company to be held at the Concorde Ballroom, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 30 August 2018 at 11.30 a.m. and at any adjournment thereof.

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

	RESOLUTIONS	FOR	AGAINST
Resolution 1	- Re-election of Mr Seah Heng Chin		
Resolution 2	- Re-election of Dr Abdul Latif bin Shaikh Mohamed		
Resolution 3	- Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to determine their remuneration		
Resolution 4	- Approval of Directors' fees and benefits		
Resolution 5	- Continuing in office for YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin as Independent Non-Executive Director		
Resolution 6	- Continuing in office for Encik Mohammad Khayat bin Idris as an Independent Non-Executive Director		
Resolution 7	- 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 8	- 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 ……………............…… 2018

Number of shares held	

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1	__________	________ %
Proxy 2	__________	________ %

____
Signature/Common Seal of Appointor

Contact No. of Shareholder/Proxy: ______________________

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, participate, speak and vote on his behalf. Where a member appoints two proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting.
6. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
7. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
8. Only members registered in the Record of Depositors as at 24 August 2018 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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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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Co. No. 367249-A

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