YLI HOLDINGS BERHAD
Co. No. 367249-A

ANNUAL REPORT
2014

DIVERSIFICATION & EXPANSION

Our Vision

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

Our Mission

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

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Hj Samsuri Bin Rahmat
- Managing Director

Ali Sabri Bin Ahmad
- Executive Director

Independent Non-Executive Directors

Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee Bin Laidin
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

REGISTERED OFFICE

2579 Lorong Perusahaan 10
Prai Industrial Estate
13600 Prai
Penang, Malaysia
Tel : 04 3991819
Fax : 04 3999819

COMPANY SECRETARY

Gunn Chit Geok
MAICSA 0673097

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
16th Floor, Bangunan KWSP
Jalan Sultan Ahmad Shah
PO Box 856
10810 Penang, Malaysia

SHARE REGISTRAR

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

PRINCIPAL BANKERS

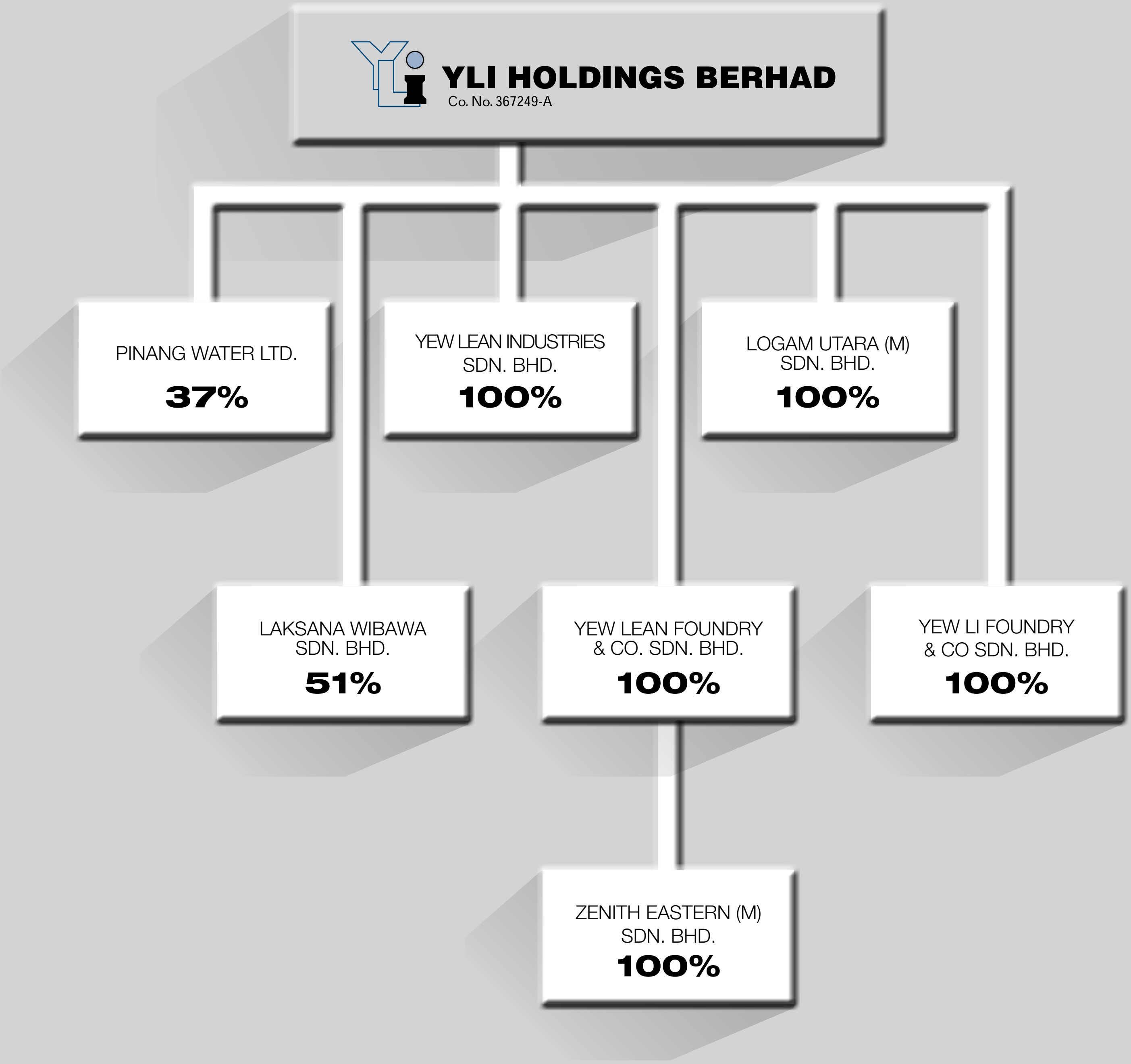
AmInvestment Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

The Main Market of
Bursa Malaysia Securities Berhad

Sector : Industrial Products
Stock Name : YLI
Stock Code : 7014

CORPORATE STRUCTURE



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of YLI Holdings Berhad, I wish to present the Annual Report and audited Financial Statements of the Group for the financial year ended 31 March 2014. Although the local economy remained resilient and recorded a GDP growth rate of 4.7% in 2013 (vis-à-vis a 5.6% growth in 2012), the Group's operating environment continued to remain challenging. In 2013, we have seen the rationalization of various government subsidies (especially on fuel and energy) as well as implementation of Minimum Wages Order 2012 with effect from 1 January 2013. Despite all these headwinds on the external front, the Group registered a commendable turnaround in its performance by recording its first full year of net profit after three consecutive years of losses.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a revenue of RM128.3 million, which shows a significant increase of 27.7% from RM100.5 million recorded in the previous year. The higher revenue was mainly attributed to improved local demand for the Group's products. Meanwhile, overseas demand for the Group's products has not shown very significant improvement as a result of intense competition from regional players in the water pipes and fittings industry.

The effect of the Asean Free Trade Area ("AFTA") implementation since 2010 has continued to linger on until today. Continued intense competition from overseas competitors has compressed the profit margin of the Group's products whilst the withdrawal of various government subsidies and implementation of Minimum Wages Order continue to exert upward pressure on costs.

Despite all these challenges, the Group managed to register its first full year net profit after losses in three previous financial years. For the financial year ended 31 March 2014, the Group recorded a pre-tax profit of RM1.2 million, as compared to a pre-tax loss of RM3.9 million in the previous year. As a result, the Group's shareholder's funds increased to RM151.6 million as compared to RM149.9 million recorded in the previous year.

INDUSTRY OUTLOOK

While the industry outlook for the Group is expected to remain challenging in the immediate term, we have seen the possibility of further improvement in demand for the Group's products as the impasse in Selangor's water restructuring efforts is resolved. The Board of Directors holds a strong conviction that the Group would stand to benefit immensely once the Government intensifies its effort to further enhance the water sector infrastructure and delivery in view of the prevailing high non-revenue water in the nation.

The Group will also continue to initiate effective cost containment measures to maintain its position as the preferred supplier of premium quality water pipes in the region. Other measures taken include diversifying its product range and market reach by investing in intense research and marketing initiatives.

As our past experience has demonstrated the risk of specialising in a single field or industry, the Group would continue to scout for opportunities of investment which could diversify the earnings base of the Group and may potentially generate good and sustainable returns for its shareholders.

CHAIRMAN'S STATEMENT (cont'd)

CORPORATE GOVERNANCE

The Statement on Corporate Governance is set out on page 14 to page 23. The Board will ensure the requirements of Bursa Malaysia's listing requirements are strictly adhered to by the Company at all times.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

APPRECIATION

On behalf of the Board of Directors, I wish to thank the management and employees of the Group for their perseverance and dedication in driving the Group's business forward. I would also like to thank all our valued customers, bankers and business associates for their continuing support. Last but not least, I wish to register my utmost gratitude to all our shareholders for their unwavering confidence in the Group.

Tan Sri Syed Mohd Yusof bin Tun Syed Nasir
Chairman


FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2014 RM'000	**2013 RM'000**	**2012 RM'000**	**2011 RM'000**	**2010 RM'000**
Revenue	**128,257**	100,514	143,292	76,682	82,924
Profit/(Loss) Before Tax	**1,248**	(3,923)	(4,745)	(43,309)	2,924
Profit/(Loss) After Tax Attributed to Shareholders	**955**	(2,448)	(2,625)	(40,304)	2,291
Shareholders' Funds	**151,629**	149,906	152,233	154,483	196,002
Total Assets Employed	**204,906**	209,871	226,246	222,676	263,051
Profit/(Loss) After Tax as a Percentage of Shareholders' Funds	**0.6**	(1.6)	(1.7)	(26.1)	1.2
Basic/Diluted Earnings/(Loss) Per Share (sen)	**0.97**	(2.49)	(2.67)	(40.94)	2.33
Net Assets Per Share (RM)	**1.54**	1.52	1.55	1.57	1.99
No. of Shares in Issue (Net of Treasury Shares)	**98,439**	98,439	98,439	98,439	98,439

OUR PERFORMANCE

			2014 RM'000	**2013 RM'000**	**% CHANGE**
INCOME STATEMENT	Revenue		**128,257**	100,514	27.60
	Profit/(Loss) Before Tax		**1,248**	(3,923)	*
	Profit/(Loss) After Tax Attributed to Shareholders		**955**	(2,448)	*
BALANCE SHEET	Shareholders' Funds		**151,629**	149,906	1.15
	Total Assets Employed		**204,906**	209,871	(2.37)
RATIOS	Current Ratio	times	**2.69**	2.03	32.51
	Return on Equity	%	**0.63**	(1.63)	*
	Return on Total Assets	%	**0.47**	(1.17)	*
	Financial Leverage Ratio	times	**0.18**	0.23	(21.74)
	Basic/Diluted Earnings/(Loss) Per Share	sen	**0.97**	(2.49)	*
	Net Tangible Assets Per Share	RM	**1.54**	1.52	1.32
	31 March Closing Price	RM	**1.05**	0.30	250.00

* Not Applicable/Comparable

BOARD OF DIRECTORS

Seated from left to right:

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:

ENCIK MOHAMMAD KHAYAT IDRIS
Independent Non-Executive Director

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

TUAN HAJI AB GANI HARON
Independent Non-Executive Director

ENCIK ALI SABRI AHMAD
Non-Independent Executive Director

PROFILE OF DIRECTORS

TAN SRI SYED MOHD YUSOF TUN SYED NASIR
Malaysian, aged 67
Independent Non-Executive Chairman

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

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

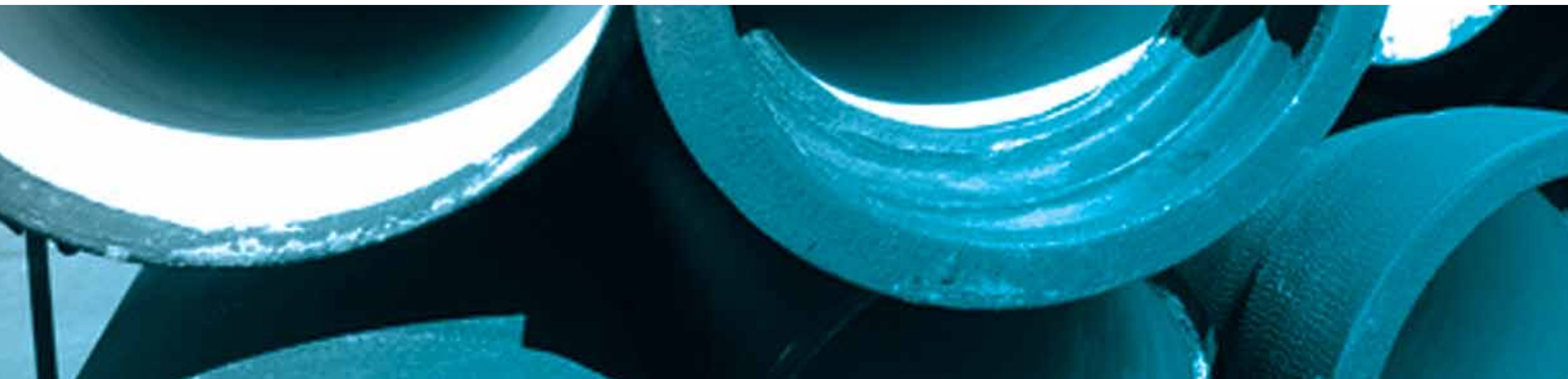
He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2014.

DATO' HJ. SAMSURI RAHMAT
Malaysian, aged 59
Managing Director
Non-Independent Executive Director

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

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

As the Managing Director, he is mainly responsible for the Group's strategic direction as well as its business and corporate development. He also sits on the Board of various subsidiaries of the YLI Group. He is not related to any director of the Group and does not have any conflict of interest with the Company. He has indirect interest in the Company via Suasana Karisma Sdn. Bhd., the major shareholder of the Company as reported under "Analysis of Shareholdings" on Page 91 of this Annual Report. He has attended all four Board Meetings for the financial year ended 31 March 2014.



PROFILE OF DIRECTORS (cont'd)

ENCIK ALI SABRI AHMAD
Malaysian, aged 57
Non-Independent Executive Director

Encik 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 is not related to any director of the Group and does not have any conflict of interest with the Company. He has indirect interest in the Company via Suasana Karisma Sdn. Bhd., the major shareholder of the Company as reported under "Analysis of Shareholdings" on Page 91 of this Annual Report. He has attended all four Board Meetings for the financial year ended 31 March 2014.

TUAN HAJI AB GANI HARON
Malaysian, aged 63
Independent Non-Executive Director

Tuan Haji Ab Gani Haron was appointed to the Board on 9 June 2008. He is the Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee of YLI Holdings Berhad.

He graduated with a Bachelor of Economics (Honors) degree from Universiti Malaya in 1976 and obtained his Diploma Perakaunan from Universiti Malaya in 1977. He is also a qualified member of Malaysian Institute of Accountants.

He has over thirty years of working experience in civil service. He started his career as an accountant in the Accountant General's office. He had since held various key positions in the Accountant General's office. He was the Deputy Accountant General (Operations) in the Accountant General's office until November 2007. He sits on the Board of CenSof Holdings Berhad, Amanahraya Capital Sdn. Bhd., Amanahraya Investment Bank Ltd., Amanahraya Trustees Berhad, Amanah Raya (Labuan) Limited and Al-Jewar Ltd. (Labuan).

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2014.

PROFILE OF DIRECTORS (cont'd)

ENCIK MOHAMMAD KHAYAT IDRIS

Malaysian, aged 61
Independent Non-Executive Director

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

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

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

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2014.

ACADEMICIAN TAN SRI DATUK PROF IR (DR) HJ AHMAD ZAIDEE LAIDIN

Malaysian, aged 71
Independent Non-Executive Director

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

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

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

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. His latest achievement was the Honorary Doctorate in Electrical Engineering given by Universiti Teknologi MARA.

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 Teknikal Malaysia Melaka, a Board member of Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART) and Chairman of ERINCO Sdn. Bhd.

Academically, he is a member of the International Academic Advisory Committee to Universiti Teknologi Petronas, a Council Member of the Academy of Sciences Malaysia, a Board Member of Open University Malaysia and Meteor Learning Sdn. Bhd. He is also Chairman and Director of Malay Education and Development Research Institute, an NGO. He also serves on the Board of UNITEN.

He is not related to any director and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all four Board Meetings for the financial year ended 31 March 2014.

Financial Calendar

FINANCIAL YEAR END		31 March 2014
ANNUAL GENERAL MEETING		25 September 2014
ANNOUNCEMENT OF RESULTS		
	First Quarter	29 August 2013
	Second Quarter	27 November 2013
	Third Quarter	27 February 2014
	Fourth Quarter	30 May 2014
ANNUAL REPORT		
	Date of Issuance	3 September 2014

STATEMENT ON CORPORATE GOVERNANCE

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

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

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

The statement below sets out how the Group has applied the principles and the extent of its compliance with the recommendations throughout the financial year ended 31 March 2014.

THE BOARD OF DIRECTORS

The Board

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

(i) Board Composition

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

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

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

(ii) Board meetings

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (CONT'D)

(ii) Board meetings (cont'd)

During the financial year ended 31 March 2014, four (4) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		May '13	Aug '13	Nov '13	Feb '14		
	Directors	Position	Attendance				Total	%
1	Tan Sri Syed Mohd Yusof bin Tun Syed Nasir	Non-Executive Chairman	•	•	•	•	4/4	100
2	Dato' Hj Samsuri bin Rahmat	Managing Director	•	•	•	•	4/4	100
3	Ali Sabri bin Ahmad	Executive Director	•	•	•	•	4/4	100
4	Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	Director	•	•	•	•	4/4	100
5	Tuan Haji Ab Gani bin Haron	Director	•	•	•	•	4/4	100
6	Mohammad Khayat bin Idris	Director	•	•	•	•	4/4	100
	Total number of meetings held:						4	

(iii) Supply of Information

All Directors are provided with an agenda and a set of Board papers issued in sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

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

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

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

(iv) Appointments to the Board

Nomination Committee

The present Nomination Committee comprises Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin (Independent Non-Executive Director) who is the Chairman, Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director) and Encik Mohammad Khayat bin Idris (Independent Non-Executive Director).

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (CONT'D)

(iv) Appointments to the Board (cont'd)

Terms of Reference

The Nomination Committee is governed by the following terms of reference:-

1.0 Purpose

The Committee:

(a) recommends to the Board of Directors ("Board"), candidates for all directorships in the Company to be filled by the shareholders or the Board.

(b) considers, in making its recommendations, candidates for directorships proposed by the Managing Director or Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.

(c) recommends to the Board, directors to fill the seats on board committees.

2.0 Membership

2.1 The Committee, comprising exclusively non-executive directors, a majority of whom are independent, shall be appointed by the Board.

2.2 The Committee shall comprise no fewer than 3 members.

2.3 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board of Directors.

2.4 The Chairman of the Committee shall be appointed by the Board and he should be the senior independent director as identified by the Board.

2.5 In the absence of the Chairman of the Committee, the members present shall elect one of their members, who shall be an independent non-executive director to chair the meeting.

3.0 Meetings

3.1 **Frequency**

The Committee shall meet at least once a year.

3.2 **Quorum**

A quorum shall be two members, of which one should be an independent director.

3.3 **Secretary**

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

3.4 **Attendance**

Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (CONT'D)

(iv) Appointments to the Board (cont'd)

Terms of Reference (cont'd)

3.5 **Reporting Procedure**

3.5.1 The minutes of each meeting shall be available to all members of the Board.

3.5.2 The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting.

3.6 **Meeting Procedure**

The Committee shall regulate its own procedure, in particular:-

(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of minutes; and
(e) the custody, production and inspection of such minutes.

4.0 Rights

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

(a) have the resources which are required to perform its duties;
(b) have access to any relevant information pertaining to the Company;
(c) be able to obtain independent professional advice; and
(d) have the discretion to decide who else other than its own members are entitled to attend meetings, if it thinks fit.

5.0 Functions

5.1 The Committee shall, amongst others, discharge the following functions:

5.1.1 Recommend to the Board, candidates for directorship and Board Committee membership take into consideration the candidates' skills, knowledge, expertise, experience, professionalism, integrity and women candidates shall be sought as part of its recruitment exercise. In the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

5.1.2 The Committee shall also consider candidates for directorships proposed by the Managing Director or Chief Executive Officer and within the bounds of practicality, by any other senior management or any director or shareholder.

5.1.3 To determine the core competencies and skills required of directors to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.

5.1.4 Assess, review and recommend to the Board, candidates to fill the seats on Board Committees. In assessing suitability of candidates, the qualities to look for are competencies, commitment, contribution and performance.

5.1.5 The Committee shall ensure that time commitment is obtained from a director on his appointment and the expectations are met.

5.1.6 To evaluate and recommend the appointment of senior executive positions, including that of the Managing Director or Chief Executive and their duties and the continuation (or not) of their service.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (CONT'D)

(iv) Appointments to the Board (cont'd)

Terms of Reference (cont'd)

5.0 Functions (cont'd)

5.1 The Committee shall, amongst others, discharge the following functions:

5.1.7 Regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustment that are deemed necessary.

5.1.8 To ensure that the positions of the Chairman and Managing Director or Chief Executive Officer are held by different individuals and the Chairman shall be a non-executive member of the Board. The Committee shall ensure that the composition of the Board shall consist of at least a majority of independent directors should the Chairman be an executive member of the Board or is not an independent director.

5.1.9 Review the size and core competencies of non-executive directors, Board balance and determine if additional directors are required and also to ensure that at least one-third (1/3) of the Board is independent.

5.1.10 Assist the Board to do an annual assessment of independence of its independent directors and also ensure that the tenure of the independent directors do not exceed a cumulative term of nine (9) years. The Board is to recommend the director for shareholders' approval in the event it retains as an independent director, the director who had served in that capacity for more than nine (9) years.

5.1.11 Assist the Board to implement a procedure to be carried out by the Committee for annual assessment on the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director, including independent non-executive directors and Managing Director. All assessments and evaluation carried out by the Committee in the discharge of all its functions should be properly documented.

5.1.12 Conduct an annual review on the Board members, Managing Director and Chief Financial Officer on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.

5.1.13 Establish a clear succession plan and periodically reporting to the Board on succession planning for the Board Chairman and Managing Director or Chief Executive Officer. The Committee should work with the Board to evaluate potential successors.

5.1.14 Make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of 70 (seventy).

5.1.15 Recommend Directors who are retiring by rotation under the Articles of Association to be put forward for re-election.

5.1.16 Have due regard to the principles of governance and code of best practice.

5.1.17 Keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organisation's marketplace.

5.1.18 Facilitate board induction and training for newly appointed Directors.

5.1.19 Review training programs for the Board.

5.1.20 Propose to the Board the responsibilities of non-executive Directors, including membership and Chairpersonship of Board Committees.

5.1.21 Review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference.

5.2 To carry out such other functions as may be agreed to by the Committee and the Board of Directors

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

THE BOARD OF DIRECTORS (CONT'D)

(iv) Appointments to the Board (cont'd)

Activities of the Committee

During the financial year ended 31 March 2014, the Committee carried out the following activities in the discharge of its functions and duties:-

(1) Assessed the Board and Board Committees and contributions of each Director.
(2) Reviewed the structure, size, balance, composition and effectiveness of the Board and Committees.
(3) Reviewed and recommended to the Board for re-election of the Directors who retired under the Articles of Association.
(4) Reviewed the Terms of Reference

(v) Re-election of Directors

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

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

(vi) Directors' Training

As required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), 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 2014, 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 Ali Sabri bin Ahmad Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin Tuan Haji Ab Gani bin Haron Mohammad Khayat bin Idris	In-house directors' training programme on Roles and Responsibilities of Directors under the Listing Requirements	½ day

DIRECTORS' REMUNERATION

(i) Remuneration Committee

The present Remuneration Committee comprises Encik Mohammad Khayat bin Idris (Chairman) who is an Independent Non-Executive Director, Dato' Hj Samsuri bin Rahmat (Managing Director) and Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director).

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION (CONT'D)

(i) Remuneration Committee (cont'd)

Terms of Reference

The Remuneration Committee is governed by the following terms of reference:-

1.0 Purpose

The Committee provides assistance to the Board of Directors ("Board") to determine the remuneration of executive directors of the Company.

2.0 Membership

2.1 The Committee, consisting wholly or mainly of non-executive directors, shall be appointed by the Board.

2.2 The Committee shall comprise no fewer than 3 members.

2.3 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board.

2.4 The members of the Committee shall elect a Chairman from among themselves who shall be a non-executive director.

2.5 In the absence of the Chairman of the Committee, the members present shall elect one of their members to chair the meeting.

3.0 Meetings

3.1 **Frequency**

The Committee shall meet at least once a year.

3.2 **Quorum**

A quorum shall be two members consisting of non-executive directors.

3.3 **Secretary**

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

3.4 **Attendance**

Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.

3.5 **Reporting Procedure**

3.5.1 The minutes of each meeting shall be available to all members of the Board.

3.5.2 The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting.

3.6 **Meeting Procedure**

The Committee shall regulate its own procedure, in particular:-

(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of minutes; and
(e) the custody, production and inspection of such minutes.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION (CONT'D)

(i) Remuneration Committee (cont'd)

Terms of Reference (cont'd)

4.0 Rights

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board:

(a) have the resources which are required to perform its duties;
(b) have access to any relevant information pertaining to the Company;
(c) be able to obtain independent professional advice as well as information about remuneration practices elsewhere; and
(d) have the discretion to decide who else other than its own members are entitled to attend meetings, if it thinks fit.

5.0 Functions

5.1 The Committee shall, amongst others, discharge the following functions:

(a) to establish and recommend the remuneration structure and policy for managing director, executive directors and senior management with the aim to attract, retain and motivate high calibre individuals required by the Board on long term basis and so structured as to align their interests with those of the Company and its shareholders and to review changes to the policy, as necessary;

(b) to review and recommend the individual remuneration package for each of the managing director, executive directors and senior management, taking into account the market rates so as to link rewards to the Group and individual performance, drawing from external advice as necessary. The executive directors should play no part in the decisions of their own remuneration; and

(c) to review indemnity and liability insurance policies for the directors and officers of the Company.

5.2 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

5.3 The determination of remuneration packages of non-executive directors, including non-executive chairman should be a matter for the board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

(ii) Remuneration Policy

The Remuneration Committee recommends to the Board for approval the remuneration package of Executive Directors. The remuneration system takes into account individual performance, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting.

(iii) Details of the Directors' remuneration

The aggregate remuneration of the Directors during the financial year ended 31 March 2014 is set out below:-

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	84,000	24,000
Salaries	795,052	-
Bonus	102,280	-
Benefits in kind	112,910	159,700
Other benefits	155,714	485,000
Total	**1,249,956**	**668,700**

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION (CONT'D)

(i) Remuneration Committee (cont'd)

Terms of Reference (cont'd)

5.0 Functions (cont'd)

(iii) Details of the Directors' remuneration (cont'd)

B. Band (RM)

Band (RM)	Executive Directors	Non-Executive Directors	Total
0 – 50,000	-	1	1
50,001 – 100,000	-	2	2
400,001 – 450,000	1	-	1
500,001 – 550,000	-	1	1
800,001 – 850,000	1	-	1

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

RELATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

Tuan Haji Ab Gani Bin Haron, Senior Independent Non-Executive Director
Telephone number : 04-399 1819
Facsimile number : 04-399 9819
Email address : corporate@yli.com.my

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

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

As part of our ongoing effort in promoting good corporate governance and ensuring best practices are adopted where applicable/practicable, the Company has also adopted a Whistle Blowing Policy.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Directors have a responsibility to present a true and fair assessment of the Group's financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to the BMSB.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and completeness of all annual and quarterly reports, audited or unaudited, and approved by the Board of Directors before releasing to the BMSB.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 30 of this Annual Report.

(ii) Internal Control

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

(iii) Relationship with the External Auditors

The Board has established and maintains a close and transparent professional relationship with the external auditors of the Company. As disclosed on pages 25 to 28 the Audit Committee is the independent channel of communication for the external and internal auditors. It also reviews the activities of the internal audit function as well as the effectiveness of the system of internal control.

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) **Share buybacks**
(i) The Company did not purchase any of its own shares during the financial year ended 31 March 2014.

(ii) All shares previously purchased are retained as treasury shares and none of these shares were resold or cancelled during the financial year.

(iii) Details of shares retained as treasury shares during the financial year ended 31 March 2014 are as follows:

	No. of shares retained as Treasury Shares
As at 1 April 2013	121,000
Movements during the year	-
As at 31 March 2014	121,000

c) **Options, warrants or convertible securities exercised**
The Company has not issued any options, warrants or convertible securities.

d) **Depository Receipt Programme**
The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 March 2014.

e) **Sanctions and/or penalties imposed**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year ended 31 March 2014, which have the material impact on the operations or financial position of the Group.

f) **Variation in actual results from those previously announced or released**
The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the results for the financial year and the unaudited results previously released by the Company.

g) **Comparison of profit achieved with the profit guarantee**
There was no profit guarantee given by the Company.

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

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

Non-audit fees

For the financial year, the amount of non-audit fees incurred for services rendered to the Company or its subsidiaries by its external auditors or a firm or company affiliated to the said auditors was RM13,350.

Conviction for offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

AUDIT COMMITTEE REPORT

Chairman

Tuan Haji Ab Gani bin Haron*
Independent Non-Executive Director

Members

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

Encik Mohammad Khayat bin Idris
Independent Non-Executive Director

** Member of MIA*

Terms of Reference

1. MEMBERSHIP

1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

(a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;
(b) all members of the Audit Committee shall be non-executive directors and should be financially literate; and
(c) at least one member of the Committee:
  (i) must be a member of the Malaysian Institute of Accountants; or
  (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  (iii) fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

1.3 No alternate director should be appointed as a member of the Committee.

1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.

1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT (cont'd)

2. MEETINGS

2.1 Frequency

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

2.2 Quorum

2.2.1 A quorum shall consist of a majority of independent directors.

2.3 Secretary

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

2.4 Attendance

2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditor shall normally attend meetings.

2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.4.3 The Committee should meet with the external auditors without any executive Board members present at least twice a year.

2.5 Reporting Procedure

2.5.1 The minutes of each meeting shall be circulated to all members of the Board.

2.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

(a) the calling of meetings;
(b) the notice to be given of such meetings;
(c) the voting and proceedings of such meetings;
(d) the keeping of minutes; and
(e) the custody, production and inspection of such minutes.

3. RIGHTS

3.1 The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT (cont'd)

4. FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

4.1 To review:-

(a) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
   (i) the going concern assumption;
   (ii) changes in or implementation of major accounting policy changes;
   (iii) significant and unusual events; and
   (iv) compliance with accounting standards and other legal requirements.

(b) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions on management integrity.

(c) with the external auditor:
   (i) the audit plan;
   (ii) his audit report;
   (iii) his management letter on internal control issues arising from his year end audit and management's response; and
   (iv) the assistance given by the Company's employees to the external auditor.

4.2 To monitor the management's risk management practices and procedures.

4.3 In respect of the appointment of external auditors:

(a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
(b) to consider the nomination of a person or persons as external auditors and the audit fee; and
(c) to consider any questions of resignation or dismissal of external auditors.

4.4 In respect of the internal audit function:

(a) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work and that it reports directly to the Audit Committee;
(b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
(c) to review any appraisal or assessment of the performance of members of the internal audit function;
(d) to approve any appointment or termination of senior staff members of the internal audit function; and
(e) to inform itself of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

AUDIT COMMITTEE REPORT (cont'd)

Details of attendance of members at Audit Committee Meetings

For the financial year ended 31 March 2014, four (4) Audit Committee meetings were held.

The attendance of each member is set out below:

		May '13	Aug '13	Nov '13	Feb '14		
Committee Members	**Position**	**Attendance**				**Total**	**%**
Tuan Haji Ab Gani bin Haron	Chairman	•	•	•	•	4/4	100
Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	Member	•	•	•	•	4/4	100
Mohammad Khayat bin Idris	Member	•	•	•	•	4/4	100

Activities of the Audit Committee

Based on duties specified in the Terms of Reference, the activities performed by the Audit Committee during the financial year ended 31 March 2014 were:

a. Reviewed the Group's unaudited quarterly results and announcements and audited year end financial statements, prior to recommending to the Board of Directors for approval.
b. Reviewed with the external auditors the audit plan, audit report and the audit approach.
c. Considered and recommended the reappointment and remuneration of the external auditors.
d. Reviewed and approved the internal auditors' annual audit plan, audit findings and reports and assessed their performance, adequacy of resources and approved their remuneration.
e. Reviewed and approved the risk management framework and assessed the adequacy of the internal control system.
f. Reviewed the Audit Committee report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.
g. Reviewed the external auditors' management letter and management's response.
h. Held two meetings with external auditors without the presence of management.

Activities of the Internal Audit Function

The Group's internal audit function has been outsourced since June 2008. The expenses incurred for internal audit amounted to RM50,011 for the year ended 31 March 2014.

The Group's internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the Audit Committee for its review and approval and selected ad-hoc audits on management's requests. The audit plan uses a 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 Internal Auditors report directly to the Audit Committee and assist the Audit Committee to monitor and manage risks and provide the Audit Committee with independent views on the effectiveness of the system of internal control after their reviews. The internal audit findings and recommendations of the Internal Auditors are reviewed quarterly by the Audit Committee and their recommendations for improvements on control and minutes of Audit Committee meetings are circulated to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance 2012 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the group's assets.

Guided by the Statement on Risk Management and Internal Control: Guidelines 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 and for reviewing the adequacy and effectiveness of those systems. In view of the limitations that are inherent in any systems of risk management and 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 the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the said Guidelines 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 risk management and 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 is in place to improve the controls. 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 systems covered key operating companies within the Group but does not apply to its jointly controlled entity, Pinang Water Ltd. as the Group does not exercise day to day absolute control over this entity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

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 regular review and improvement;
- 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 reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) 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. RPG 5 (Revised) also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from Group Managing Director and Group Finance Controller 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 system 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 2014. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its internal control environment and risk management.

This statement is issued in accordance with a resolution of the Directors dated 29 May 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

In Respect Of Annual Audited Financial Statements

Under the Companies Act, 1965, the Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company. In preparing the financial statements, the Directors have:

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;

- made accounting estimates where applicable that are prudent, just and reasonable; and

- ensured that the Company has taken reasonable steps to deter and minimize fraud and other irregularities.

Financial Statements

DIRECTORS' REPORT

For The Financial Year Ended 31 March 2014

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 2014.

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 pipes and fittings and waterworks related products for waterworks and sewerage industry. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(loss) for the financial year	**908**	**(844)**
Attributable to:		
- Owners of the parent	**955**	**(844)**
- Non-controlling interest	**(47)**	**0**
	908	**(844)**

DIVIDEND

No dividend has been paid, declared or proposed since the end of the Company's previous financial year. The directors do not recommend the payment of any dividend for the financial year ended 31 March 2014.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

SHARE CAPITAL

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

TREASURY SHARES

The Company did not purchase any of its issued and fully paid ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year. As at 31 March 2014, the number of treasury shares held by the Company was 121,000 shares. The further details of the treasury shares are set out in Note 23 to the financial statements.

DIRECTORS

The directors who have held office since the date of the last report are as follows:

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Dato' Hj. Samsuri Bin Rahmat
Ali Sabri Bin Ahmad
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris
Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee Bin Laidin

In accordance with Article 84 of the Article of Association, Ali Sabri Bin Ahmad, Tuan Haji Ab Gani Bin Haron and Mohammad Khayat Bin Idris will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee Bin Laidin will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' REPORT

For The Financial Year Ended 31 March 2014 (cont'd)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those benefits as disclosed in Note 10 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 except that certain directors received remuneration from related companies in their capacities as directors or executives of the related companies.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in shares in, or debentures of, the Company and its related corporations during the financial year are as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AS AT 01.04.2013 '000	BOUGHT '000	SOLD '000	AS AT 31.03.2014 '000
YLI Holdings Berhad				
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir				
- Direct interest	29,568	0	0	**29,568**

Other than as disclosed above, according to the Register of Directors' Shareholdings, the directors who held office at the end of the financial year did not hold any interest in shares in, or debentures of, the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, 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:

(a) which would render the amount writing off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

DIRECTORS' REPORT

For The Financial Year Ended 31 March 2014 (cont'd)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

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

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

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, which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

(a) 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; and

(b) 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 or the Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 July 2014.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR
DIRECTOR

DATO' HJ. SAMSURI BIN RAHMAT
DIRECTOR

Penang

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir and Dato' Hj. Samsuri Bin Rahmat, being two of the directors of YLI Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 38 to 85 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of their results and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 30 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 July 2014.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR
DIRECTOR

DATO' HJ. SAMSURI BIN RAHMAT
DIRECTOR

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Dato' Hj. Samsuri Bin Rahmat, being the director primarily responsible for the financial management of YLI Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 85 and information set out in Note 30 to the financial statements are, in my opinion, 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 by the abovenamed Dato' Hj. Samsuri Bin Rahmat before me in Penang on 9 July 2014.

GOH SUAN BEE (P125)

20 Lebuh King
10200 Pulau Pinang

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of YLI Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YLI Holdings Berhad, which comprise the statements of financial position as at 31 March 2014 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 85.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("the Act"), we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 14 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To The Members of YLI Holdings Berhad (cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 30 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers
[No. AF:1146]
Chartered Accountants

Cho Choo Meng
[2082/09/14 (J/PH)]
Chartered Accountant

16th Floor, Bangunan KWSP
Jalan Sultan Ahmad Shah
P. O. Box 856
10810 Penang, Malaysia.

9 July 2014

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2014

	NOTE	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
REVENUE	6	**128,257**	100,514	**206**	207
COST OF SALES		**(115,530)**	(93,572)	**0**	0
GROSS PROFIT		**12,727**	6,942	**206**	207
Other operating income		**1,044**	747	**0**	0
Selling and distribution expenses		**(2,617)**	(2,216)	**0**	0
Administrative expenses		**(6,770)**	(6,544)	**(968)**	(947)
Other operating expenses		**(1,018)**	(421)	**0**	0
OPERATING PROFIT/(LOSS)		**3,366**	(1,492)	**(762)**	(740)
Finance costs	7	**(2,403)**	(2,579)	**0**	0
Share of results of a joint venture	15	**285**	148	**0**	0
PROFIT/(LOSS) BEFORE TAX	8	**1,248**	(3,923)	**(762)**	(740)
Tax expense	11	**(340)**	(313)	**(82)**	(72)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**908**	(4,236)	**(844)**	(812)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR:					
Items that may be subsequently reclassified to profit or loss:					
Currency translation differences		**768**	121	**0**	0
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		**1,676**	(4,115)	**(844)**	(812)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the parent		**955**	(2,448)		
- Non-controlling interest		**(47)**	(1,788)		
		908	(4,236)		
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:					
- Owners of the parent		**1,723**	(2,327)		
- Non-controlling interest		**(47)**	(1,788)		
		1,676	(4,115)		
EARNINGS PER SHARE (SEN)					
- Basic/diluted	12	**0.97**	(2.49)		

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

STATEMENTS OF FINANCIAL POSITION

As At 31 MARCH 2014

		GROUP		COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
NON CURRENT ASSETS					
Property, plant and equipment	13	**90,838**	95,847	**0**	0
Investments in subsidiaries	14	**0**	0	**54,504**	55,104
Investment in a joint venture	15	**11,181**	10,128	**8,065**	8,065
Trade receivables	16	**137**	0	**0**	0
Deferred tax assets	24	**0**	82	**0**	82
		102,156	106,057	**62,569**	63,251
CURRENT ASSETS					
Inventories	17	**41,555**	39,831	**0**	0
Receivables, deposits and prepayments	16	**39,786**	41,731	**64**	64
Amounts due from subsidiaries	18	**0**	0	**60**	143
Amount due from a joint venture	19	**83**	83	**0**	0
Tax recoverable		**2**	71	**2**	9
Deposits, cash and bank balances	20	**21,324**	22,098	**3,016**	3,034
		102,750	103,814	**3,142**	3,250
CURRENT LIABILITIES					
Payables and accrued liabilities	21	**16,848**	16,868	**120**	108
Amount due to a subsidiary	18	**0**	0	**42**	0
Borrowings	22	**20,967**	34,189	**0**	0
Tax provision		**385**	0	**0**	0
		38,200	51,057	**162**	108
Net current assets		**64,550**	52,757	**2,980**	3,142
		166,706	158,814	**65,549**	66,393
CAPITAL AND RESERVES					
Share capital	23	**98,560**	98,560	**98,560**	98,560
Treasury shares	23	**(108)**	(108)	**(108)**	(108)
Share premium		**7,208**	7,208	**7,208**	7,208
Exchange fluctuation reserve		**636**	(132)	**0**	0
Retained profits/(Accumulated losses)		**45,333**	44,378	**(40,111)**	(39,267)
Shareholders' equity		**151,629**	149,906	**65,549**	66,393
Non-controlling interest		**1,650**	1,697	**0**	0
		153,279	151,603	**65,549**	66,393
NON CURRENT LIABILITIES					
Deferred tax liabilities	24	**6,379**	6,940	**0**	0
Borrowings	22	**7,048**	271	**0**	0
		13,427	7,211	**0**	0
		166,706	158,814	**65,549**	66,393

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2014

GROUP		NON-DISTRIBUTABLE			DISTRIBUTABLE			
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	EXCHANGE FLUCTUATION RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON-CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
At 1 April 2012	98,560	7,208	(108)	(253)	46,826	152,233	3,485	155,718
Total comprehensive income/(loss) for the financial year	0	0	0	121	(2,448)	(2,327)	(1,788)	(4,115)
At 31 March 2013	98,560	7,208	(108)	(132)	44,378	149,906	1,697	151,603
At 1 April 2013	98,560	7,208	(108)	(132)	44,378	149,906	1,697	151,603
Total comprehensive income/(loss) for the financial year	0	0	0	768	955	1,723	(47)	1,676
At 31 March 2014	**98,560**	**7,208**	**(108)**	**636**	**45,333**	**151,629**	**1,650**	**153,279**

COMPANY	NON-DISTRIBUTABLE				
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
At 1 April 2012	98,560	(108)	7,208	(38,455)	67,205
Total comprehensive loss for the financial year	0	0	0	(812)	(812)
At 31 March 2013	98,560	(108)	7,208	(39,267)	66,393
At 1 April 2013	98,560	(108)	7,208	(39,267)	66,393
Total comprehensive loss for the financial year	0	0	0	(844)	(844)
At 31 March 2014	**98,560**	**(108)**	**7,208**	**(40,111)**	**65,549**

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2014

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
OPERATING CASH FLOWS				
Cash receipts from customers	**130,574**	111,130	**0**	0
Cash paid to suppliers and employees	**(121,035)**	(116,979)	**(721)**	(1,158)
Cash flows generated from/(used in) operations	**9,539**	(5,849)	**(721)**	(1,158)
Tax paid	**(601)**	(684)	**(2)**	(3)
Tax refunded	**236**	465	**9**	456
Interests received	**96**	97	**96**	97
	(269)	(122)	**103**	550
Net operating cash flows	**9,270**	(5,971)	**(618)**	(608)
INVESTING CASH FLOWS				
Purchases of property, plant and equipment (Note 13)	**(1,238)**	(656)	**0**	0
Proceeds from disposal of property, plant and equipment	**0**	4	**0**	0
Repayment of advances by a subsidiary	**0**	0	**600**	600
Interests received	**399**	564	**0**	0
Net investing cash flow	**(839)**	(88)	**600**	600
FINANCING CASH FLOWS				
Drawdown of short-term borrowings	**536**	4,889	**0**	0
Repayment of finance lease liabilities	**(165)**	(180)	**0**	0
Repayment of term loans	**(6,135)**	(4,831)	**0**	0
Interests paid	**(2,760)**	(2,810)	**0**	0
Increase in deposits charged for credit facilities	**(563)**	(1,262)	**0**	0
Net financing cash flow	**(9,087)**	(4,194)	**0**	0
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	**(656)**	(10,253)	**(18)**	(8)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**17,819**	28,072	**3,034**	3,042
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 20)	**17,163**	17,819	**3,016**	3,034

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014

1 GENERAL INFORMATION

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 pipes and fittings and waterworks related products for waterworks and sewerage industry. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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 address of the registered office and principal place of business of the Company is as follows:

2579, Lorong Perusahaan 10
Prai Industrial Estate
13600 Prai
Penang

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 ("MFRS"), the International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statement as set out in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues 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 5 to the financial statements.

(a) New standards, amendments to published standards and Issue Committee ("IC") interpretations to existing standards that are applicable to the Group and the Company and are effective

The new/revised accounting standards and amendments/improvements to published standards that are effective for the Group's and the Company's financial year beginning on 1 April 2013 are as follows:

- MFRS 10 'Consolidated Financial Statements'
- MFRS 12 'Disclosures of Interests in Other Entities'
- MFRS 13 'Fair Value Measurement'
- The revised MFRS 127 'Separate Financial Statements'
- Amendments to MFRS 101 'Presentation of Items of Other Comprehensive Income'
- Amendment to MFRS 119 'Employee Benefits'
- Amendment to MFRS 7 'Financial Instruments: Disclosures'
- Amendments to MFRS 10, 11 and 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'
- Annual Improvements 2009 – 2011 Cycle

The adoption of the above new/revised accounting standards and amendments/improvements to published standards did not have a significant financial impact on the Group and the Company and did not result in substantial changes in the Group's and the Company's accounting policies and disclosures, except for Amendments to MFRS 101.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

2 BASIS OF PREPARATION (CONT'D)

(a) New standards, amendments to published standards and Issue Committee ("IC") interpretations to existing standards that are applicable to the Group and the Company and are effective (cont'd)

<u>Amendments to MFRS 101</u>

Amendments to MFRS 101 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ("OCI") in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The effects on the financial statements following the adoption of Amendments to MFRS 101 are mainly on the presentation of the statements of comprehensive income as set out on page 38.

(b) Standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective and not early adopted

The Group and the Company will apply the new standards, amendments/improvements to published standards and IC interpretations to existing standards in the following financial periods:

(i) Financial year beginning on 1 April 2014

- Amendment to MFRS 132 'Financial Instruments: Presentation' (effective from 1 January 2014)
- Amendments to MFRS 10, MFRS 12 and MFRS 127 (effective from 1 January 2014)
- Amendments to MFRS 136 'Recoverable Amount Disclosures for Non-Financial Assets' (effective from 1 January 2014)
- IC Interpretation 21 'Levies' (effective from 1 January 2014)

(ii) Financial year beginning on 1 April 2015

- Annual Improvements to MFRSs 2010-2012 Cycle (i.e. Amendments to MFRS 2 'Share-based Payment', MFRS 3 'Business Combinations', MFRS 13 'Fair Value Measurement', MFRS 116 'Property, Plant and Equipment', and MFRS 124 'Related Party Disclosures'.)
- Annual Improvements to MFRSs 2011-2013 Cycle (i.e. MFRS 13 'Fair Value Measurement'.)
- Amendments to MFRS 119 'Defined Benefits Plans: Employee Contributions'

(iii) Effective date yet to be determined by Malaysian Accounting Standards Board ("MASB")

- MFRS 9 'Financial Instruments'

The above new standards, amendments/improvements to published standards and IC interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and of the Company in the financial year of initial application, except for MFRS 9.

MFRS 9 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. MFRS 9 has two measurement categories: amortised costs and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For financial liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in 'other comprehensive income' rather than profit or loss, unless this creates an accounting mismatch.

MFRS 9 'Financial Instruments - Hedge Accounting' brings into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The revised standard establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in MFRS 139.

The Group and the Company have yet to assess MFRS 9's full impact. The Group and the Company will also consider the impact of the remaining phases of MFRS 9 when completed by MASB.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are those entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

(i) Acquisition method of accounting

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

Acquisition-related costs are expensed as incurred.

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

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

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

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries (cont'd)

(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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control over a subsidiary any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(d) Joint arrangements (cont'd)

Joint ventures (cont'd)

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

3.2 Investments in subsidiaries and a joint venture

In the Company's separate financial statements, investments in subsidiaries and a joint venture are carried at cost less accumulated impairment losses, where applicable.

Where an indication of impairment exists, an analysis is performed to assess whether the carrying amount of the investment is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See Note 3.5 to the financial statements on accounting policy for impairment of non-financial assets.

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

3.3 Advances to subsidiaries and a joint venture

Advances to subsidiaries and a joint venture which are unsecured, interest free and with no fixed term of repayments are treated as a long term source of capital to the subsidiaries and the joint venture. The value of the advances is accounted for as contributions and recognised as part of the costs of investment in subsidiaries and a joint venture.

3.4 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Subsequently, freehold land is stated at cost, and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if applicable). The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Cost also includes borrowing costs (if applicable) that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 3.16 to the financial statements for the accounting policy on borrowings and borrowing costs).

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

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the asset and are included in other operating income or expenses in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

Freehold land is not depreciated as it has an indefinite life. 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. Other property, plant and equipment are depreciated on reducing balance basis to write off the costs to their residual values over the expected useful lives of the assets concerned. The annual depreciation rates are as follows:

	%
Leasehold land	1.0 – 2.2
Flats and buildings	2.0
Renovation	10.0
Plant, machinery, tools and equipment	5.0 – 33.3
Furniture and fittings	5.0 – 20.0
Office and other equipment	10.0 – 33.3
Motor vehicles	20.0

Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation continues through idle periods and ceases at earlier of when asset is disposed or classified as held-for-sale as disclosed in Note 3.6 to the financial statements.

Residual values and useful life of assets are reviewed and adjusted if appropriate, at the end of each reporting period.

At the end of each reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See Note 3.5 to the financial statements on accounting policy for impairment of non-financial assets.

3.5 Impairment of non-financial assets

Assets that have an indefinite useful life and not subject to impairment: (a) goodwill is tested annually for impairment and (b) freehold land is reviewed for impairment whenever events or circumstances indicate a potential impairment. Non-financial assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

The impairment loss is charged to profit or loss. Impairment losses on goodwill are not reversed. In respect of non-financial assets that are subject to amortisation/depreciation, any subsequent increase in recoverable amount is recognised in profit or loss. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

3.6 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and sales is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial assets

(a) Classification

The Group and the Company classify their financial assets as 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

'Loans and receivables' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's and the Company's 'loans and receivables' comprise 'receivables and deposits', 'amounts due from subsidiaries', 'amount due from a joint venture', and 'deposits, cash and bank balances' , where applicable, in the statements of financial position.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at 'fair value through profit or loss' (e.g. 'loans and receivables').

(c) Subsequent measurement – gains and losses

'Loans and receivables' are subsequently carried at amortised cost using the effective interest method.

(d) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Company use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer, debtor or obligor;
- Probability that the issuer, debtor or obligor will enter bankruptcy or other financial reorganisation; or
- A breach of contract such as a default or delinquency in interest or principal payments.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The financial asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial assets (cont'd)

(d) Subsequent measurement – Impairment of financial assets (cont'd)

Assets carried at amortised cost (cont'd)

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 (such as an improvement in the debtor's financial position), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

3.8 Financial liabilities

(a) Classification

The Group and the Company classify the financial liabilities measured at amortised cost as 'other financial liabilities'. Management determines the classification of its financial liabilities at initial recognition.

Other financial liabilities

'Other financial liabilities' are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. 'Other financial liabilities' are recognised as current liabilities unless the Group and the Company have an unconditional right to defer repayment of the liabilities for at least 12 months after the reporting date. The Group's and the Company's 'other financial liabilities' comprise 'payables and accrued liabilities', 'amount due to a subsidiary' and 'borrowings', where applicable, in the statements of financial position.

(b) Recognition and initial measurement

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 initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

(c) Subsequent measurement

Subsequent to initial recognition, 'other financial liabilities' are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Offsetting financial instruments

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

3.10 Derivative financial instruments

Derivatives, if any, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

For the financial years ended 31 March 2014 and 31 March 2013, the Group and the Company had not entered into any foreign currency forward contract. Hence, hedge accounting was not used.

3.11 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined 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.

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories. Cost is determined using the first-in, first-out method. The cost of raw material and merchandise held for resale include purchase price and any cost that is directly attributable to bringing the inventories to their present location and condition. The cost of work in progress and finished goods consists of raw materials, direct labour, other direct costs and an appropriate proportion of manufacturing overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and applicable variable selling expenses.

3.13 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 3.7(d) on the accounting policy for subsequent measurement – impairment of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and short term, highly liquid investments with original maturities of three months or less, net of bank overdraft and deposits pledged for credit facilities. In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

3.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.16 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

General and specific 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 borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3.17 Leases - Accounting by lessee

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Finance leases

Leases of property, plant and equipment where the Group and the Company have substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in the statement of financial position under borrowings. The interest element of the finance cost 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 financial period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the assets and the lease period.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Leases - Accounting by lessee (cont'd)

(a) Finance leases (cont'd)

Initial direct costs incurred by the Group and the Company in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease period on the same basis as the lease expense.

(b) Operating leases

Leases of assets where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the lease period.

Initial direct costs incurred in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period in which termination takes place.

3.18 Current income tax and deferred tax

The tax expense for the financial period comprises current income tax and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted in Malaysia at the end of the reporting period in the countries where the Group's subsidiaries and the Company operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes (i.e. tax bases) and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply in the financial period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets, including tax benefit from reinvestment allowance, are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and the deferred tax assets and liabilities, when these relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Where the Group or the Company expects a provision to be reimbursed by another party (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as 'finance cost' in profit or loss.

3.20 Contingent assets and liabilities

The Group and the Company do not recognise contingent assets and liabilities other than those arising from business combinations, but discloses their existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

The Group and the Company recognise separately the contingent liabilities of the acquiree as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group and the Company measure the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 'Revenue'.

3.21 Share capital

(a) Classification

Ordinary shares are recorded at nominal value as share capital and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares are deducted against share premium account, if any, otherwise it is charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Share capital (cont'd)

(c) Dividend distribution

Distributions to holders of equity instruments are debited directly to equity, net of any related income tax benefit. The corresponding liability is recognised when the dividend was proposed or declared before the end of the reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue will not be recognised as a liability at the end of the reporting period until it has been approved by the shareholders at the Company's annual general meeting.

(d) Treasury shares

Where the Company or its subsidiaries purchases the Company's issued and fully paid ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the controlling equity holders of the Company as treasury shares and presented as a deduction from equity until they are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the controlling equity holders of the Company. Where such shares are subsequently cancelled, the issued share capital is reduced by the nominal value of the cancelled shares. The amount by which the Company's issued share capital is diminished on cancellation of shares is transferred to a capital redemption reserve account.

3.22 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions and balances are translated into the functional currency using the foreign currency exchange rates approximating those prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies at the end of the financial year using the foreign currency exchange rates approximating those prevailing at the reporting date, are recognised in profit or loss.

All foreign currency exchange gains and losses are presented in profit or loss within 'other operating income' or 'other operating expenses'.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Foreign currencies (cont'd)

(c) Group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing foreign currency exchange rates approximating those prevailing at the reporting date;
- income and expenses for each profit or loss are translated at average foreign currency exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the foreign currency exchange rates prevailing on the transaction dates, in which case income and expenses are translated at the foreign currency exchange rates on the dates of the transactions); and
- all resulting foreign currency exchange differences are recognised as a separate component of 'other comprehensive income'.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing foreign currency exchange rate. Foreign currency exchange differences arising are recognised in 'other comprehensive income'.

On consolidation, foreign currency exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments (if any), are recognised in 'other comprehensive income'.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the foreign currency exchange differences relating to that foreign operation recognised in 'other comprehensive income' and accumulated in the separate component of equity are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated foreign currency exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(d) Principal closing rates

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

	2014 RM	2013 RM
1 Singapore Dollar ("SGD")	**2.59**	2.49
1 US Dollar ("USD")	**3.27**	3.09
1 Brunei Dollar ("BND")	**Not applicable**	2.49
100 Sri Lankan Rupee ("LKR")	**0.02**	0.02

3.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and delivery of services in the ordinary course of the Group's and of the Company's activities. Revenue is shown net of sales or service tax, returns, rebates and discounts and after eliminating sales within the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Revenue recognition (cont'd)

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and the Company and specific criteria have been met for each of the Group's and of the Company's activities as described below. The Group and the Company base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of goods

Revenue from sales of goods is recognised upon delivery of goods, when significant risks and rewards of ownership of the goods are transferred to the buyer.

(b) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, and consequently the investment may need to be tested for impairment.

(c) Interest income

Interest income is recognised 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.

(d) 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.

(e) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(f) Other income

Other income is recognised on an accrual basis unless collectability is uncertain.

3.24 Employee benefits

(a) Short term employee benefits

The Group and the Company recognise a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the shareholder of the entities within the Group after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Employee benefits (cont'd)

(b) Post-employment benefits – Defined contribution plan

A defined contribution plan is a pension plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial periods.

The Group contributes to the Employees Provident Fund of Malaysia, the national defined contribution plan. The Group's contributions to the said defined contribution plan are charged to profit or loss in the financial period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

3.25 Segment Reporting

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

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity 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 seeks 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 reviews, 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) Market risk

Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group is exposed to foreign currency exchange risk arising from various foreign currency exposures, primarily with respect to Singapore Dollar ("SGD"). Foreign currency exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operation.

Management has 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. Foreign currency exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

4 FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

Foreign currency exchange risk (cont'd)

The Group's exposure to foreign currency exchange risk, based on the carrying amounts as at the end of the reporting period is as follows:

	SGD RM'000	USD RM'000	LKR RM'000	TOTAL RM'000
2014				
FINANCIAL ASSETS				
Receivables and deposits	**1,965**	**0**	**6**	**1,971**
Deposits, cash and bank balances	**554**	**36**	**270**	**860**
Net exposure in the statement of financial position	**2,519**	**36**	**276**	**2,831**
2013				
FINANCIAL ASSETS				
Receivables and deposits	1,947	0	6	1,953
Deposits, cash and bank balances	196	233	264	693
Net exposure in the statement of financial position	2,143	233	270	2,646

At 31 March 2014, if SGD had weakened/strengthened by 5% against Ringgit Malaysia ("RM") with all other variables held constant, profit after tax (2013: loss after tax) of the Group for the financial year would have been lower/higher (2013: higher/lower) by approximately RM126,000 (2013: RM107,000), as a result of foreign currency exchange losses/gains on translation of SGD denominated financial instruments. The Group's exposure to foreign currency other than SGD is not material and hence, sensitivity analysis is not presented.

As at 31 March 2014 and 31 March 2013, there were no forward foreign currency exchange contract.

Interest rate risk

The Group is exposed to interest rate risk for changes in the interest rates primarily for borrowings and deposits with licensed banks. The financial liabilities with floating interest rate expose the Group to cash flow interest rate risk. The Group is exposed to fair value interest rate risk for financial assets and liabilities with fixed interest rate. As the Group's fixed rate 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. The Group monitors interest rates at inception to ensure that they are established at favourable rates.

At 31 March 2014, if the market interest rates had been 100 basis points higher/lower with all other variables held constant, profit after tax of the Group (2013: loss after tax) for the financial year would have been approximately RM134,000 (2013: RM200,000) lower/higher (2013: higher/lower), mainly as a result of higher/lower interest expenses on floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

4 FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(a) Market risk (cont'd)

Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate as a result of changes in market prices (other than interest or foreign currency exchange rates).

The Group's exposure to price risk arises mainly from fluctuation in the prices of key raw materials such as scrap metals, nodulant and hot rolled coils. The Group manages its risk by monitoring the prices quoted by various vendors closely and may source from alternate vendors if the price is competitive.

As at 31 March 2014 and 31 March 2013, the Group and the Company were not exposed to price risk as there was no outstanding purchase contract with variable purchase price.

(b) Credit risk

Credit risk arises from credit exposure to outstanding receivables from third parties and related parties, derivative financial instruments and deposits held at call with banks. Each entity within the Group is responsible for managing the credit risk through credit assessment and approvals, credit limits, collection 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.

As at 31 March 2014, the Group and the Company have no significant concentration of credit risk other than approximately 50% (2013: 44%) of the trade receivables balance of the Group relate to four major customers. The Group's historical records in the collection of trade receivables fall within the allowed credit limits or recorded allowances. The Group manages credit risk arising 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.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting their obligation due to shortage of funds. The Group and the Company maintain sufficient level of cash and cash equivalents to meet the operational needs by continuously monitoring both the rolling forecasts and actual cash flows. The Group also maintains adequate amount of committed credit facilities with different financial institutions. Excess cash is placed in fixed deposits or cash management fund with reputable financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

4 FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

GROUP	WITHIN 1 YEAR RM'000	BETWEEN 1 AND 2 YEARS RM'000	BETWEEN 2 AND 5 YEARS RM'000	LATER THAN 5 YEARS RM'000	TOTAL RM'000
2014					
Payables and accrued liabilities	**15,148**	**0**	**0**	**0**	**15,148**
Borrowings	**20,987**	**4,764**	**2,308**	**0**	**28,059**
Total undiscounted financial liabilities	**36,135**	**4,764**	**2,308**	**0**	**43,207**
2013					
Payables and accrued liabilities	16,868	0	0	0	16,868
Borrowings	34,212	186	130	0	34,528
Total undiscounted financial liabilities	51,080	186	130	0	51,396

COMPANY	WITHIN 1 YEAR RM'000	BETWEEN 1 AND 2 YEARS RM'000	BETWEEN 2 AND 5 YEARS RM'000	LATER THAN 5 YEARS RM'000	TOTAL RM'000
2014					
Payables and accrued liabilities	**120**	**0**	**0**	**0**	**120**
Finance guarantee contracts*	**29,186**	**0**	**0**	**0**	**29,186**
Total undiscounted financial liabilities	**29,306**	**0**	**0**	**0**	**29,306**
2013					
Payables and accrued liabilities	108	0	0	0	108
Finance guarantee contracts*	37,515	0	0	0	37,515
Total undiscounted financial liabilities	37,623	0	0	0	37,623

* The Company has given corporate guarantees to banks on behalf of certain subsidiaries and a joint venture for banking facilities. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries and the said joint venture. As at 31 March 2014, approximately RM29,186,000 (2013: RM37,515,000) of the banking facilities were utilised by the said subsidiaries and the said joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

4 FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Capital risk 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 the amounts owed to other interested parties, as well as maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, entities in the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or secure additional debts.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as total equity as shown in the statements of financial position plus total borrowings.

The gearing ratio is calculated as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total borrowings (Note 22)	**28,015**	34,460	**0**	0
Total equity	**153,279**	151,603	**65,549**	66,393
Total capital	**181,294**	186,063	**65,549**	66,393
Gearing ratio	**15.45%**	18.52%	**0%**	0%

4.3 Fair value estimation

The Group and the Company adopted MFRS 13 'Fair Value Measurement' for financial instruments that are measured in the statements of financial position at fair value. This requires disclosure of fair value measurements by the level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Group and the Company use the current bid price as the quoted market price to fair value its financial assets and liabilities, where applicable. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) will be determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of non-current trade receivables is determined based on expected cash flows discounted using the committed borrowings rate. The fair value estimates is within level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

4 FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Fair value estimation (cont'd)

As at 31 March 2014 and 31 March 2013, except for the non-current trade receivables none of the financial assets and liabilities of the Group and of the Company is measured at fair value which requires classification under fair value measurement hierarchy in accordance with MFRS 13.

The carrying amounts of financial assets and liabilities as reflected in the statement of financial position approximate their fair values except as disclosed elsewhere in the financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Current income tax and deferred tax

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for anticipated tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the current income tax and/or deferred tax assets and liabilities in the financial period in which such determination is made.

(b) Depreciation of property, plant and equipment

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 1.0% to 33.3% on a reducing balance basis. 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.

(c) Allowance for impairment loss on trade and other receivables

Allowance for impairment is made for receivables that the directors consider the recoverability to be doubtful. On a regular basis, the directors review the receivables' ageing report, repayment history and financial position of the debtors for any objective evidence of impairment. Significant judgement is required in assessing the recoverability of receivables, including the amounts and timing of future cash flows expected to be received. To the extent that actual recoveries deviate from directors' estimates, such variances may have a material impact on profit or loss.

At 31 March 2014, if the discount rate used in the discounting of the expected future cash flows for non-current trade receivables had been 100 basis points higher/lower with all other variables held constant, the impairment loss on non-current receivables and profit after tax of the Group for the financial year would have been approximately RM1,700 lower/higher (2013: Not applicable).

(d) Recoverable amount of non-financial assets

The Group and the Company 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 to sell for that asset and its value-in-use.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Recoverable amount of non-financial assets (cont'd)

The recoverable amount of the investment in a subsidiary 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 to sell. The fair value less costs to sell of the said property, plant and equipment was determined by the directors based on the management's estimated recoverable amount derived by reference to an independent valuation carried out by a professional valuer during the current financial year using the comparison method based upon recent transactions of similar properties and market value of similar assets. Based on the impairment assessments, there is no impairment to the carrying amount of the investment in the subsidiary as at 31 March 2014 as the recoverable amount is greater than its carrying amount. An impairment charge of RM586,000 was made to the property, plant and equipment of the subsidiary during the current financial year as the recoverable amount is lower than its carrying amount.

As at 31 March 2014, if the estimated fair value less costs to sell of the affected property, plant and equipment of the said subsidiary had been 10% lower/higher with all other variables held constant, the impairment loss on property, plant and equipment and profit after tax of the Group for the financial year would have been approximately RM820,000 lower/higher (2013: Not applicable).

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.

6 REVENUE

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Sales of goods	**128,161**	100,417	**0**	0
Interest income from licensed banks	**96**	97	**96**	97
Management fees	**0**	0	**110**	110
	128,257	100,514	**206**	207

7 FINANCE COSTS

	GROUP	
	2014 RM'000	**2013 RM'000**
Interest expenses on:		
- bank overdraft	**(222)**	(202)
- term loans	**(1,140)**	(1,526)
- other short term borrowings	**(1,041)**	(851)
	(2,403)	(2,579)

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2014 (cont'd)

8 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after crediting/(charging) the following items:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Raw materials consumed	**(85,295)**	(60,112)	**0**	0
Consumables used	**(1,295)**	(1,090)	**0**	0
Changes in inventories of work in progress and finished goods	**3,044**	3,793	**0**	0
Property, plant and equipment:				
- depreciation (Note 13)	**(5,661)**	(5,924)	**0**	0
- gain on disposal	**0**	2	**0**	0
- impairment loss	**(586)**	0	**0**	0
Rental:				
- land and building	**(48)**	(47)	**0**	0
- others	**(181)**	(146)	**0**	0
Employee benefits costs (Note 9)	**(10,975)**	(10,289)	**0**	0
Directors' fees and other benefits (Note 10)	**(617)**	(608)	**(543)**	(534)
Utilities	**(6,731)**	(5,988)	**0**	0
Repairs and maintenance expenses	**(1,755)**	(1,627)	**0**	0
Transportation expenses	**(2,958)**	(3,180)	**0**	0
(Recognition)/reversal of allowance for impairment loss on trade receivables	**(299)**	33	**0**	0
Auditors' remuneration:				
- statutory audit	**(98)**	(90)	**(38)**	(35)
- other audit related services	**(15)**	(9)	**(15)**	(9)
Interest income from licensed banks	**518**	671	**96**	97
Net realised foreign currency exchange gain	**137**	48	**0**	0
Net unrealised foreign currency exchange (loss)/gain	**(40)**	26	**0**	0
Insurance claim received	**485**	19	**0**	0
Recovery of bad debt	**0**	27	**0**	0

9 EMPLOYEE BENEFITS COSTS

Employee benefits costs (excluding directors' fees) are analysed as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Wages, salaries and bonuses	**8,928**	8,161
Defined contribution retirement plan	**1,081**	1,049
Other employee benefits	**966**	1,079
	10,975	10,289

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

10 DIRECTORS' REMUNERATION

The directors of the Company in office during the financial year are as follows:

Non-Executive Directors
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris
Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee Bin Laidin

Executive Directors
Dato' Hj. Samsuri Bin Rahmat
Ali Sabri Bin Ahmad

The aggregate amounts of emoluments received/receivable by directors of the Company during the financial year are as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-Executive Directors:				
- fees	**24**	24	**24**	24
- other benefits	**485**	476	**485**	476
	509	500	**509**	500
Executive Directors:				
- fees	**84**	84	**34**	34
- other benefits	**24**	24	**0**	0
	108	108	**34**	34
Directors' fees and other benefits	**617**	608	**543**	534
Executive Directors				
- salaries and bonus	**897**	885	**0**	0
- defined contribution retirement plan	**132**	129	**0**	0
	1,029	1,014	**0**	0
	1,646	1,622	**543**	534

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company for the financial year ended 31 March 2014 amounted to approximately RM273,000 (2013: RM321,000) and RM140,000 (2013: RM140,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

11 TAX EXPENSE

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Tax expense based on the profit for the financial year:				
Malaysian income tax:				
- Current tax	**(982)**	(637)	**0**	0
- Over/(under) accrual in prior financial year	**163**	(13)	**0**	0
	(819)	(650)	**0**	0
Deferred tax (Note 24):				
- Origination and reversal of temporary differences	**291**	337	**(82)**	(72)
- Change in tax rate from 25% to 24% effective from Year of Assessment 2016	**188**	0	**0**	0
	479	337	**(82)**	(72)
Tax expense	**(340)**	(313)	**(82)**	(72)

The numerical reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the Malaysian income tax rate is as follows:

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit/(loss) before tax	**1,248**	(3,923)	**(762)**	(740)
Tax calculated at the Malaysian income tax rate of 25%:	**(312)**	981	**190**	185
Tax effects of:				
- Share of results of joint venture	**71**	37	**0**	0
- Expenses not deductible for tax purposes	**(1,075)**	(969)	**(96)**	(103)
- Expenses allowable for double deductions for tax purposes	**7**	8	**0**	0
- Income not subject to tax	**8**	16	**0**	0
- Temporary differences not recognised	**(94)**	(234)	**(94)**	0
- Origination and reversal of temporary differences	**(80)**	(139)	**(82)**	(154)
- Change in tax rate from 25% to 24% effective from Year of Assessment 2016	**188**	0	**0**	0
- Over/(under) accrual of current tax in prior financial year	**163**	(13)	**0**	0
- Utilisation of previously unrecognised unutilised capital allowances	**784**	0	**0**	0
Tax expense	**(340)**	(313)	**(82)**	(72)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

12 EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit/(loss) after tax attributable to equity holders of the Company for the financial year by the number of ordinary shares in issue during the financial year adjusted for treasury shares held by the Company.

	GROUP	
	2014	**2013**
Net profit/(loss) after tax attributable to equity holders of the Company (RM'000)	**955**	(2,448)
Number of ordinary shares in issue during the financial year ('000)	**98,439**	98,439
Basic earnings per share (sen)	**0.97**	(2.49)

There is no dilutive potential ordinary share as at end of the financial year (2013: nil).

13 PROPERTY, PLANT AND EQUIPMENT

GROUP 2014	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 01.04.2013	66,761	113,561	720	1,716	4,748	12,627	200,133
Additions	0	1,171	2	65	0	0	1,238
Disposals	0	0	0	0	(167)	0	(167)
At 31.03.2014	**66,761**	**114,732**	**722**	**1,781**	**4,581**	**12,627**	**201,204**
ACCUMULATED DEPRECIATION							
At 01.04.2013	17,849	80,965	366	1,409	3,697	0	104,286
Charge for the financial year	1,078	4,290	22	60	211	0	5,661
Disposals	0	0	0	0	(167)	0	(167)
At 31.03.2014	**18,927**	**85,255**	**388**	**1,469**	**3,741**	**0**	**109,780**
ACCUMULATED IMPAIRMENT LOSS							
At 01.04.2013	0	0	0	0	0	0	0
Impairment loss	0	0	0	0	0	586	586
At 31.03.2014	**0**	**0**	**0**	**0**	**0**	**586**	**586**
CARRYING AMOUNT							
At 31.03.2014	**47,834**	**29,477**	**334**	**312**	**840**	**12,041**	**90,838**

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP 2013	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 01.04.2012	66,761	113,101	716	1,934	4,586	12,627	199,725
Additions	0	460	4	30	162	0	656
Disposals	0	0	0	(5)	0	0	(5)
Written off	0	0	0	(243)	0	0	(243)
At 31.03.2013	66,761	113,561	720	1,716	4,748	12,627	200,133
ACCUMULATED DEPRECIATION							
At 01.04.2012	16,762	76,556	343	1,594	3,353	0	98,608
Charge for the financial year	1,087	4,409	23	61	344	0	5,924
Disposals	0	0	0	(3)	0	0	(3)
Written off	0	0	0	(243)	0	0	(243)
At 31.03.2013	17,849	80,965	366	1,409	3,697	0	104,286
CARRYING AMOUNT							
At 31.03.2013	48,912	32,596	354	307	1,051	12,627	95,847

The Group's land and buildings comprise of:

GROUP 2014	LONG TERM LEASEHOLD LAND RM'000	BUILDINGS ON LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS ON FREEHOLD LAND RM'000	LONG TERM LEASEHOLD FLATS RM'000	RENOVATION RM'000	TOTAL RM'000
COST							
At 01.04 2013/ 31.03.2014	21,826	37,640	3,757	869	188	2,481	66,761
ACCUMULATED DEPRECIATION							
At 01.04.2013	5,148	10,024	0	212	56	2,409	17,849
Charge for the financial year	401	653	0	13	3	8	1,078
At 31.03.2014	**5,549**	**10,677**	**0**	**225**	**59**	**2,417**	**18,927**
CARRYING AMOUNT							
At 31.03.2014	**16,277**	**26,963**	**3,757**	**644**	**129**	**64**	**47,834**

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's land and buildings comprise of (cont'd):

GROUP 2013	LONG TERM LEASEHOLD LAND RM'000	BUILDINGS ON LEASEHOLD LAND RM'000	FREEHOLD LAND RM'000	BUILDINGS ON FREEHOLD LAND RM'000	LONG TERM LEASEHOLD FLATS RM'000	RENOVATION RM'000	TOTAL RM'000
COST							
At 01.04.2012/ 31.03.2013	21,826	37,640	3,757	869	188	2,481	66,761
ACCUMULATED DEPRECIATION							
At 01.04.2012	4,747	9,363	0	199	53	2,400	16,762
Charge for the financial year	401	661	0	13	3	9	1,087
At 31.03.2013	5,148	10,024	0	212	56	2,409	17,849
CARRYING AMOUNT							
At 31.03.2013	16,678	27,616	3,757	657	132	72	48,912

(i) Assets acquired under finance lease arrangements

Included in motor vehicles and plant and machinery of the Group as at 31 March 2014 are the carrying amount of RM241,830 (2013: RM303,595) and RM60,237 (2013: RM75,296) respectively acquired under finance lease arrangements.

(ii) Carrying amount of assets pledged as security for borrowings of a subsidiary (Note 22)

Factory building with a carrying amount of RM12,060,260 (2013: RM12,404,389) and leasehold land with a carrying amount of RM5,772,416 (2013: RM5,843,680) are pledged as security for borrowings of a subsidiary.

14 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	**64,493**	64,493
Accumulated impairment loss	**(43,114)**	(43,114)
	21,379	21,379
Advances granted to subsidiaries:		
- Yew Lean Foundry & Co. Sdn. Bhd.	**32,810**	33,410
- Yew Li Foundry & Co. Sdn. Bhd.	**315**	315
	33,125	33,725
	54,504	55,104

The advances granted to the subsidiaries are denominated in Ringgit Malaysia, unsecured, and interest free with no fixed repayment terms. Repayment is however not expected within the next twelve months as it is the intention of the Company to treat these advances as a long term source of capital to the subsidiaries. The value of the advances is accounted for as contributions and recognised as part of the costs of investments in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

14 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	EQUITY INTEREST 2014 %	EQUITY INTEREST 2013 %	PRINCIPAL ACTIVITIES
Direct subsidiaries:				
Yew Lean Foundry & Co. Sdn. Bhd. ("YLFC")	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.
Laksana Wibawa Sdn. Bhd.*	Malaysia	**51**	51	Manufacturing and trading of steel pipes and related products.
Held under YLFC:				
Zenith Eastern (M) Sdn. Bhd.	Malaysia	**100**	100	Property investment holding.

* Audited by a firm other than PricewaterhouseCoopers, Malaysia.

Set out below are the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group. The financial information below is based on amounts before inter-company eliminations.

Laksana Wibawa Sdn. Bhd.

	2014	**2013**
Principal place of business	**Malaysia**	Malaysia
% of interest held by non-controlling interest ("NCI")	**49%**	49%
Loss for the financial year allocated to NCI (RM'000)	**47**	1,788
Accumulated NCI as at the reporting date (RM'000)	**1,650**	1,697

	RM'000	**RM'000**
Summarised statement of comprehensive income:		
Revenue	**68,668**	37,063
Loss before tax	**91**	3,655
Loss after tax	**97**	3,650
Other comprehensive income	**0**	0
Total comprehensive loss for the year	**97**	3,650

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

14 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Laksana Wibawa Sdn. Bhd. (cont'd)

	2014 RM'000	2013 RM'000
Summarised statement of financial position:		
Non current assets	**42,616**	45,781
Current assets	**23,807**	27,020
Current liabilities	**(55,774)**	(68,908)
Non current liabilities	**(7,308)**	(455)
Net assets	**3,341**	3,438

	RM'000	RM'000
Summarised statement of cash flows:		
Net cash flow generated from/(used in) operating activities	**11,639**	(448)
Net cash flow used in investing activities	**(34)**	(3)
Net cash flow used in financing activities	**(9,872)**	(1,538)
Net change in cash and cash equivalents	**1,733**	(1,989)
Cash and cash equivalents at the beginning of the financial year	**(2,585)**	(596)
Cash and cash equivalents at the end of the financial year	**(852)**	(2,585)

15 INVESTMENT IN A JOINT VENTURE

	GROUP	
	2014 RM'000	2013 RM'000
Share of net assets of the joint venture	**3,116**	2,063
Advances granted to a joint venture	**8,065**	8,065
	11,181	10,128

	COMPANY	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost*	**0**	0
Advances granted to a joint venture	**8,065**	8,065
	8,065	8,065

* The cost of investment in a joint venture as at 31 March 2014 is RM141 (2013: RM141).

The advances granted to a joint venture are denominated in Ringgit Malaysia, unsecured, and interest free with no fixed repayment terms. Repayment is however not expected within the next twelve months as it is the intention of the Group and of the Company to treat these advances as long term source of capital to the joint venture. The value of the advances is accounted for as contributions and recognised as part of the costs of investment in a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

15 INVESTMENT IN A JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	EQUITY INTEREST 2014 %	EQUITY INTEREST 2013 %	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.

* Audited by a firm other than PricewaterhouseCoopers, Malaysia.

The Group's share of the revenue, cost of sales, other income and expenses of the joint venture is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Revenue	**2,090**	1,711
Cost of sales	**(1,682)**	(1,362)
Gross profit	**408**	349
Other operating income	**73**	17
Expenses excluding tax	**(189)**	(210)
Profit before tax	**292**	156
Tax expense	**(7)**	(8)
Profit for the financial year	**285**	148

The Group's share of the assets and liabilities of the joint venture is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Non current assets	**9,168**	8,761
Current assets	**2,794**	2,236
Current liabilities	**(8,846)**	(8,934)
Net assets	**3,116**	2,063

The Company has also given a corporate guarantee to a bank on behalf of the joint venture (Note 25 to the financial statements) as follows:

	COMPANY	
	2014 RM'000	2013 RM'000
In respect of the financing for the purchase of property, plant and equipment	**1,208**	1,145

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
NON CURRENT				
Trade receivables	**152**	0	**0**	0
Less: Allowance for impairment loss	**(15)**	0	**0**	0
	137	0	**0**	0
CURRENT				
Trade receivables	**40,503**	41,586	**0**	0
Less: Allowance for impairment loss	**(1,553)**	(1,269)	**0**	0
	38,950	40,317	**0**	0
Other receivables	**247**	323	**55**	55
Deposits	**505**	1,012	**9**	9
Prepayments	**84**	79	**0**	0
	836	1,414	**64**	64
	39,786	41,731	**64**	64
	39,923	41,731	**64**	64

The credit term of the trade receivables range from 30 to 90 days (2013:30 to 90 days).

Non-current receivables

All non-current receivables are expected to be recovered within two years from the end of the reporting period. The fair value of non-current trade receivables is determined based on expected future cash flows discounted using the discount rate of 8% (2013: Not applicable), which approximates the commercial borrowing rate. The fair value is within level 2 of the fair value hierarchy.

Current receivables

The carrying values of receivables and deposits approximate their fair values at the end of the reporting period as these amounts are expected to be recovered within the next 12 months.

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

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	**13,789**	19,140	**55**	55
Past due but not impaired:				
- up to 30 days	**4,723**	3,488	**0**	0
- 31 to 60 days	**3,470**	5,015	**0**	0
- 61 to 90 days	**7,826**	2,060	**0**	0
- 91 to 180 days	**3,602**	2,669	**0**	0
-181 to 365 days	**2,602**	1,865	**0**	0
- more than 365 days	**3,322**	6,403	**0**	0
	25,545	21,500	**0**	0
Impaired	**1,568**	1,269	**0**	0
	40,902	41,909	**55**	55

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Neither past due nor impaired

Receivables and deposits that are neither past due nor impaired are the amounts due from creditworthy debtors with good payment records with the Group and the Company. None of the Group's and the Company's receivables and deposits that are neither past due nor impaired have been renegotiated during the financial year.

Past due but not impaired

The Group has trade and other receivables amounting to RM25,545,604 (2013: RM21,500,836) that are past due at the reporting date but not impaired. These past due but not impaired receivables are mainly unsecured in nature and relate to customers for whom there is no history of default.

Impaired and allowance made

As at 31 March 2014, the Group's trade receivables of RM1,705,074 (2013: 1,269,188) were subject to impairment. Out of the total trade receivables which were subject to impairment, RM1,553,090 (2013: RM1,269,188) were impaired and fully allowed for whereas RM15,174 (2013: Not applicable) were impaired through discounting. The individually impaired trade receivables are currently under litigation and hence the recoverability is uncertain. The impaired trade receivables through discounting are receivables expected to be recovered after 12 months from the end of the reporting period.

Movement of the allowance for impairment loss on trade receivables is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
At 1 April	**1,269**	1,302
Impairment loss charged to profit or loss	**299**	0
Reversal of allowance for impairment loss	**0**	(33)
At 31 March	**1,568**	1,269

The currency exposure profile of receivables (net of the allowance for impairment loss on trade receivables) and deposits is as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	**37,868**	39,699	**64**	64
Singapore Dollar	**1,965**	1,947	**0**	0
Sri Lankan Rupee	**6**	6	**0**	0
	39,839	41,652	**64**	64

17 INVENTORIES

	GROUP	
	2014 RM'000	2013 RM'000
Raw materials	**6,775**	8,095
Work in progress	**1,904**	1,310
Finished goods	**32,876**	30,426
	41,555	39,831

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2014 (cont'd)

18 RELATED PARTY DISCLOSURES

In relation to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party balances, significant related party transactions, and key management personnel compensation.

(a) Related party balances

	COMPANY	
	2014 RM'000	**2013 RM'000**
CURRENT ASSETS:		
Non-trade:		
Amount due from Yew Lean Foundry & Co. Sdn. Bhd.	**0**	113
Amount due from Yew Li Foundry & Co. Sdn. Bhd.	**48**	24
Amount due from Logam Utara (M) Sdn. Bhd.	**12**	6
Amounts due from subsidiaries	**60**	143
CURRENT LIABILITY:		
Non-trade:		
Amount due to Yew Lean Foundry & Co. Sdn. Bhd.	**42**	0

The non-trade amounts due from/to subsidiaries are denominated in Ringgit Malaysia, unsecured, and interest free with no fixed term of repayment.

(b) Significant related party transactions

	COMPANY	
	2014 RM'000	**2013 RM'000**
Repayment of advances by a subsidiary:		
- Yew Lean Foundry & Co. Sdn. Bhd.	**600**	600
Expenses paid on behalf by Yew Lean Foundry & Co. Sdn. Bhd.	**235**	189
Management fee charged to subsidiaries:		
- Yew Lean Foundry & Co. Sdn. Bhd.	**80**	80
- Yew Li Foundry & Co. Sdn. Bhd.	**24**	24

The above transactions were based on terms and prices as agreed between the Company and the subsidiaries.

(c) Key management personnel compensation

All executive directors of the Company are regarded as key management personnel. The key management remuneration includes fees, salaries, bonus and other emoluments (including benefits-in-kind) computed based on the costs incurred by the Group and the Company.

The key management remuneration is as follows:

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Fees, salaries and bonus	**981**	969	**34**	34
Defined contribution retirement plan	**132**	129	**0**	0
Other employee benefits	**24**	24	**0**	0
	1,137	1,122	**34**	34

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

18 RELATED PARTY DISCLOSURES (CONT'D)

(c) Key management personnel compensation (cont'd)

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group for the financial year ended 31 March 2014 amounted to approximately RM113,000 (2013: RM151,000).

19 AMOUNT DUE FROM A JOINT VENTURE

The amount due from a joint venture to a subsidiary of the Group is denominated in Ringgit Malaysia, unsecured, and interest free with no fixed term of repayment. The amount is neither past due nor impaired.

20 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Fixed deposits with licensed banks	**14,893**	18,000	**3,000**	3,000
Cash and bank balances	**6,431**	4,098	**16**	34
	21,324	22,098	**3,016**	3,034
Bank overdraft (Note 22)	**(2,195)**	(2,876)	**0**	0
Deposits pledged for credit facilities	**(1,966)**	(1,403)	**0**	0
Cash and cash equivalents	**17,163**	17,819	**3,016**	3,034

Effective interest rates per annum of the fixed deposits with licensed banks as at the reporting date are as follows:

	2014 %	**2013 %**
Group	**2.65 – 3.30**	3.00 – 3.30
Company	**3.20**	3.20

Weighted average maturity days of the fixed deposits with licensed banks as at the reporting date are as follows:

	2014 Days	**2013 Days**
Group	**59**	17
Company	**7**	6

The currency exposure profile of deposits, cash and bank balances is as follows:

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Ringgit Malaysia	**20,464**	21,405	**3,016**	3,034
Singapore Dollar	**554**	196	**0**	0
Sri Lankan Rupee	**270**	264	**0**	0
US Dollar	**36**	233	**0**	0
	21,324	22,098	**3,016**	3,034

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

21 PAYABLES AND ACCRUED LIABILITIES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	**10,071**	11,533	**0**	0
Other payables	**3,593**	3,670	**0**	0
Accrued liabilities	**1,484**	1,665	**120**	108
Advanced payment from customers	**1,700**	0	**0**	0
	6,777	5,335	**120**	108
	16,848	16,868	**120**	108

All payables and accrued liabilities are denominated in Ringgit Malaysia.

The carrying values of payables approximate their fair values at the end of the reporting period as these amounts are payable within the next 12 months. The credit term of the payables range from 30 to 90 days (2013: 30 to 90 days).

22 BORROWINGS

	GROUP	
	2014 RM'000	2013 RM'000
SECURED		
CURRENT:		
Term loans	**4,236**	17,295
Short term borrowings:		
- Bank overdraft (Note 20)	**2,195**	2,876
- Bankers' acceptance	**8,545**	258
- Trust receipts	**3,844**	11,595
- Revolving credit	**2,000**	2,000
	16,584	16,729
Finance lease liabilities	**147**	165
	20,967	34,189
NON-CURRENT:		
Term loans	**6,924**	0
Finance lease liabilities	**124**	271
	7,048	271
TOTAL BORROWINGS	**28,015**	34,460

The Group's borrowings are denominated in Ringgit Malaysia.

The above credit facilities (other than finance lease liabilities) are secured against:

(i) facility agreements;
(ii) charges on the subsidiary's leasehold land and factory building;
(iii) debentures incorporating fixed and floating charges on all the present and future assets of a subsidiary;
(iv) assignment of proceeds of contracts;
(v) charge on certain bank accounts of a subsidiary; and
(vi) corporate guarantees given to the banks by the Company on behalf of its subsidiaries.

Finance lease liabilities are effectively secured as the right to the leased asset revert to the lessor in the event of default.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2014 (cont'd)

22 BORROWINGS (CONT'D)

The finance lease liabilities as at the reporting date are as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Gross finance lease liabilities are as follows:		
- Not later than 1 year	**167**	188
- Later than 1 year and not later than 5 years	**148**	316
Minimum finance lease payments	**315**	504
Less: Future finance charges	**(44)**	(68)
Present value of finance lease liabilities	**271**	436
Net finance lease liabilities are as follows:		
- Current (not later than 1 year)	**147**	165
- Non-current (later than 1 year and not later than 5 years)	**124**	271
	271	436

The fair value of finance lease liabilities as at 31 March 2014 is approximately RM246,081 (2013: RM404,052).

The effective interest rates per annum of the borrowings as at the reporting date are as follows:

	GROUP	
	2014 %	2013 %
Term loans	**7.85**	7.60
Finance lease liabilities	**4.33 – 8.81**	4.33 – 8.81
Short term borrowings	**1.75 – 8.10**	2.00 – 7.85

The maturity and exposure to interest rate risk of the borrowings are as follows:

2014	WITHIN 1 YEAR RM'000	BETWEEN 1 AND 2 YEARS RM'000	BETWEEN 2 AND 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
Floating rate:					
- term loans	**4,236**	**4,616**	**2,308**	**0**	**11,160**
- bank overdraft	**2,195**	**0**	**0**	**0**	**2,195**
Fixed rate:					
- banker's acceptance	**8,545**	**0**	**0**	**0**	**8,545**
- trust receipts	**3,844**	**0**	**0**	**0**	**3,844**
- revolving credit	**2,000**	**0**	**0**	**0**	**2,000**
- finance lease liabilities	**147**	**58**	**66**	**0**	**271**
	20,967	**4,674**	**2,374**	**0**	**28,015**

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2014 (cont'd)

22 BORROWINGS (CONT'D)

2013	WITHIN 1 YEAR RM'000	BETWEEN 1 AND 2 YEARS RM'000	BETWEEN 2 AND 5 YEARS RM'000	OVER 5 YEARS RM'000	TOTAL RM'000
Floating rate:					
- term loans	17,295	0	0	0	17,295
- bank overdraft	2,876	0	0	0	2,876
Fixed rate:					
- banker's acceptance	258	0	0	0	258
- trust receipts	11,595	0	0	0	11,595
- revolving credit	2,000	0	0	0	2,000
- finance lease liabilities	165	147	124	0	436
	34,189	147	124	0	34,460

23 SHARE CAPITAL

(a) Ordinary shares

	GROUP AND COMPANY	
	2014 RM'000	2013 RM'000
Authorised:		
Ordinary shares of RM1 each	**500,000**	500,000
Issued and fully paid:		
Ordinary shares of RM1 each	**98,560**	98,560

(b) Treasury shares

	GROUP AND COMPANY			
	2014		2013	
	NUMBER OF SHARES ('000)	RM'000	NUMBER OF SHARES ('000)	RM'000
At 1 April/31 March	**121**	**108**	121	108

The shareholders of the Company, by an ordinary resolution passed at the 14th Annual General Meeting held on 20 August 2009, approved the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

In the financial year 2009, the Company repurchased 121,000 units of its issued share capital from the open market on Bursa Malaysia for RM107,620. The average price paid for the shares repurchased was approximately RM0.89 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed under Section 67A of the Companies Act, 1965 in Malaysia. 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. None of the treasury shares repurchased has been sold as at 31 March 2014.

As at 31 March 2014, the number of outstanding shares in issue after setting treasury shares off against equity is 98,439,000 units.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

24 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. Deferred tax positions of the Group and of the Company, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Subject to income tax:				
Deferred tax assets to be recovered:				
- after 12 months	**0**	82	**0**	82
- within 12 months	**0**	0	**0**	0
	0	82	**0**	82
Subject to income tax:				
Deferred tax liabilities to be settled:				
- after 12 months	**(5,944)**	(6,567)	**0**	0
- within 12 months	**(435)**	(373)	**0**	0
	(6,379)	(6,940)	**0**	0
Deferred tax (liabilities)/assets (net)	**(6,379)**	(6,858)	**0**	82

The movements in deferred tax during the financial year are as follows:

	GROUP		COMPANY	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
At 1 April	**(6,858)**	(7,195)	**82**	154
Credited/(charged) to profit or loss (Note 11):				
Property, plant and equipment	**530**	419	**0**	0
Accrued liabilities	**10**	7	**0**	0
Net unrealised foreign currency exchange loss/(gain)	**16**	(6)	**0**	0
Unused tax losses	**(77)**	(83)	**(82)**	(72)
	479	337	**(82)**	(72)
At 31 March	**(6,379)**	(6,858)	**0**	82

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 March 2014 (cont'd)

24 DEFERRED TAX (CONT'D)

The deferred tax assets and liabilities as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Subject to income tax:				
Deferred tax assets (before offsetting):				
Accrued liabilities	**58**	48	**0**	0
Unrealised foreign currency exchange loss	**10**	0	**0**	0
Unused tax losses	**12**	89	**0**	82
Unutilised capital allowances	**0**	1	**0**	0
	80	138	**0**	82
Offsetting	**(80)**	(56)	**0**	0
Deferred tax assets (after offsetting)	**0**	82	**0**	82
Deferred tax liabilities (before offsetting):				
Property, plant and equipment	**(6,459)**	(6,990)	**0**	0
Unrealised foreign currency exchange gain	**0**	(6)	**0**	0
	(6,459)	(6,996)	**0**	0
Offsetting	**80**	56	**0**	0
Deferred tax liabilities (after offsetting)	**(6,379)**	(6,940)	**0**	0

As at 31 March 2014, the Group has unused tax losses of approximately RM19,204,000 (2013: RM19,937,000) which have no expiry date, subject to confirmation by the Inland Revenue Board, for which no deferred tax assets are recognised in the statements of financial position.

25 FINANCIAL GUARANTEE CONTRACTS

The Company has given corporate guarantees to banks on behalf of certain subsidiaries and a joint venture (Note 15 to the financial statements) for banking facilities of approximately RM55,733,000 (2013: RM65,590,000) of which RM29,186,000 (2013: RM37,515,000) was utilised as at 31 March 2014.

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 following:

- The likelihood of the subsidiaries defaulting within the guaranteed period is remote; and
- The estimated loss exposure if the subsidiaries were to default is immaterial.

The banking facilities are secured by the assets pledged as disclosed in Note 13(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

26 CAPITAL COMMITMENTS

Capital commitments in respect of property, plant and equipment not provided for in the financial statements are as follows:

	GROUP	
	2014 RM'000	**2013 RM'000**
- contracted but not provided for	**3,087**	3,087
- authorised but not contracted for	**13,327**	13,327
	16,414	16,414

27 SEGMENT REPORTING

The Group is organised into the following business segments:

- Manufacturing and trading of ductile iron pipes, steel pipes and fittings and waterworks related products for waterworks and sewerage industry.

- Water treatment operation which includes management and supply of treated water is held as investment of the Group in a joint venture. This is reported as a separate business segment based on the distinct economic characteristic from the "manufacturing and trading" segment.

Basis of measurement

- The segment performance reported to the Board of Directors of the Company is measured based upon the profit or loss before tax of the respective business segments. Reconciliations between total of the reportable segments' amounts to the Group's consolidated financial statements under "others" refer to those activities that are not part of any reportable segment. There are no transactions between the reportable segments.

Major customers

- During the financial year, revenue amounting to approximately RM58,678,000 (2013: RM14,322,000), i.e. more than 10% of the total revenue of the Group is derived from transactions with two external customers (2013: one external customer) reported under the manufacturing and trading segment.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

27 SEGMENT REPORTING (CONT'D)

	GROUP		
	MANUFACTURING AND TRADING RM'000	WATER TREATMENT OPERATION RM'000	TOTAL RM'000
FINANCIAL YEAR ENDED 31 MARCH 2014			
Revenue			
Total segment revenue	128,161	0	128,161
Others			96
Total revenue			128,257
Profit/(loss)			
Reportable segment profit	1,076	285	1,361
Others			(113)
Profit before tax			1,248
AS AT 31 MARCH 2014			
Net assets			
Total segment assets	190,652	11,181	201,833
Others			3,073
Total assets			204,906
Total segment liabilities	51,622	0	51,622
Others			5
Total liabilities			51,627
Net assets - Segment	139,030	11,181	150,211
Net assets - Others			3,068
Total net assets			153,279
Other information for the financial year ended 31 March 2014:			
Interest income:			
- Manufacturing and trading	422	0	422
- Others	0	0	96
Capital expenditures	(1,238)	0	(1,238)
Interest expenses	(2,403)	0	(2,403)
Tax expense	(340)	0	(340)
Depreciation on property, plant and equipment	(5,661)	0	(5,661)
Impairment loss on property, plant and equipment	(586)	0	(586)
Impairment loss on trade receivables	(299)	0	(299)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

27 SEGMENT REPORTING (CONT'D)

	GROUP		
	MANUFACTURING AND TRADING RM'000	WATER TREATMENT OPERATION RM'000	TOTAL RM'000
FINANCIAL YEAR ENDED 31 MARCH 2013			
Revenue			
Total segment revenue	100,417	0	100,417
Others			97
Total revenue			100,514
(Loss)/profit			
Reportable segment (loss)/profit	(3,959)	148	(3,811)
Others			(112)
(Loss)/profit before tax			(3,923)
AS AT 31 MARCH 2013			
Net assets			
Total segment assets	196,515	10,128	206,643
Others			3,228
Total assets			209,871
Total segment liabilities	58,235	0	58,235
Others			33
Total liabilities			58,268
Net assets - Segment	138,280	10,128	148,408
Net assets - Others			3,195
Total net assets			151,603
Other information for the financial year ended 31 March 2013:			
Interest income:			
- Manufacturing and trading	574	0	574
- Others	0	0	97
Capital expenditures	(656)	0	(656)
Interest expenses	(2,579)	0	(2,579)
Tax expense	(313)	0	(313)
Depreciation on property, plant and equipment	(5,924)	0	(5,924)
Reversal of allowance for impairment loss on trade receivables	33	0	33

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

28 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and receivables				
Receivables and deposits	**39,839**	41,652	**64**	64
Amount due from subsidiaries	**0**	0	**60**	143
Amount due from a joint venture	**83**	83	**0**	0
Deposits, cash and bank balances	**21,324**	22,098	**3,016**	3,034
Total financial assets	**61,246**	63,833	**3,140**	3,241

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial liabilities at amortised costs				
Payables and accrued liabilities	**15,148**	16,868	**0**	0
Amount due to a subsidiary	**0**	0	**42**	0
Borrowings (excluding finance lease liabilities)	**27,744**	34,024	**0**	0
Total financial liabilities	**42,892**	50,892	**42**	0

(b) Fair value of financial instruments

The carrying amounts of the financial instruments of the Group and of the Company at the end of the reporting period approximate their fair values because they are mostly short term in nature or are repaid frequently (other than those as disclosed in Note 16 to the financial statements).

29 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 9 July 2014.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2014 (cont'd)

30 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits or accumulated losses at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits/(accumulated losses):				
- realised	**26,711**	26,426	**(40,111)**	(39,349)
- unrealised	**(680)**	(1,094)	**0**	82
	26,031	25,332	**(40,111)**	(39,267)
Share of retained profits of a joint venture:				
- realised	**2,410**	2,181	**0**	0
- unrealised	**70**	14	**0**	0
	2,480	2,195	**0**	0
Add: consolidated adjustments	**16,822**	16,851	**0**	0
Total retained profits/(accumulated losses) as per financial statements	**45,333**	44,378	**(40,111)**	(39,267)

The disclosure of realised and unrealised profits or accumulated losses above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2014 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	1,264	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,356	31	
	Machine workshop	3,200 sq. ft.		23	
	Canteen	2,050 sq. ft.		18	
	Office building	7,949 sq. ft.		18	
2462, Lorong Perusahaan 10, Prai Industrial Estate 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	3,913	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	4,148	14	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	2,071	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,272	23	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	1,522	N/A	6 May 2004
	Factory Building	24,208 sq.ft.	1,189	24	
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		16	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	5,808	N/A	30 March 2009
	Factory Building	12,689 sq.metres	13,594	13	29 August 2008
	Office Building	460 sq.metres			

PROPERTIES OF THE GROUP (cont'd)

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2014 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
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
	1 1/2 storey semi-detached factory erected on it		467	17	
WAREHOUSE					
No. 2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai Pulau Pinang	Land (Leasehold expiring 09.05.2051)	3.25 acres	2,551	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,557	18	
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	130	18	8 November 1994
No. 7, Lorong Nagasari 22 Taman Nagasari 13600 Prai Pulau Pinang	Land (Freehold) 1 1/2 storey terrace factory erected on it	2,034 sq.ft.	242	18	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		97	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)	43	N/A	16 September 2002

ANALYSIS OF SHAREHOLDINGS

As At 31 July 2014

Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share
Authorised Share Capital	: RM500,000,000
Issued and Paid-up Capital	: RM98,439,000 *
Number of Holders	: 2,285

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 31 JULY 2014

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	% OF TOTAL ISSUED CAPITAL *
25	less than 100 shares	744	0.00
278	100 to 1,000 shares	228,223	0.23
1,372	1,001 to 10,000 shares	6,337,432	6.44
504	10,001 to 100,000 shares	17,571,741	17.85
105	100,001 to less than 5% of issued shares	44,732,860	45.44
1	5% and above of issued shares	29,568,000	30.04
2,285		**98,439,000**	**100.00**

* The issued and paid-up capital is as per Record of Depositors as at 31 July 2014 exclusive of 121,000 shares held as treasury shares

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 JULY 2014

	NAME	SHAREHOLDINGS	% OF TOTAL ISSUED CAPITAL
1	SUASANA KARISMA SDN BHD	29,568,000	30.04
2	LEMBAGA TABUNG HAJI	4,083,400	4.15
3	BLESSPLUS SDN. BHD.	3,835,900	3.90
4	JB-CITY ALLOY INDUSTRIES SDN. BHD.	3,501,500	3.56
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH HOCK ANG	2,336,300	2.37
6	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	1,959,700	1.99
7	SHANNON ONG KIAN KEONG	1,230,000	1.25
8	SULTAN IDRIS SHAH	1,102,200	1.12
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	1,100,000	1.12
10	JALUR CAHAYA SDN BHD	1,087,600	1.10
11	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (SHF)	1,084,300	1.10
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GROWTH FUND)	990,600	1.01

ANALYSIS OF SHAREHOLDINGS

As At 31 July 2014 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 JULY 2014 (CONT'D)

	NAME	SHAREHOLDINGS	% OF TOTAL ISSUED CAPITAL
13	NUSMAKMUR DEVELOPMENT SDN BHD	852,600	0.87
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BSI SA (BSI BK SG-NR)	800,000	0.81
15	YONG HEE LING	741,300	0.75
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SONG SOON HEE (470272)	670,000	0.68
17	SIM KAH HOON	556,000	0.56
18	WANG HSUEH YING	526,000	0.53
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SIEW CHAN	500,000	0.51
20	HSBC NOMINEES (ASING) SDN BHD COUTTS & CO LTD SG FOR BEADLE GROUP LIMITED	500,000	0.51
21	TEH AH ENG	455,989	0.46
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (NULF 1)	443,000	0.45
23	GOH YOKE CHOO	415,000	0.42
24	HOO WAN FATT	414,200	0.42
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (PREM EQUITY FD)	399,000	0.41
26	NG HAY LIAN	368,300	0.37
27	LIM CHEE MENG	364,200	0.37
28	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE YUNG (03MG00018)	360,000	0.37
29	SIM KENG CHOR	337,900	0.34
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG YOKE YUNG (MP0265)	320,000	0.33
	TOTAL	**60,902,989**	**61.87**

ANALYSIS OF SHAREHOLDINGS

As At 31 July 2014 (cont'd)

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 31 July 2014 are as follows:-

	NO. OF SHARES			
NAME OF SHAREHOLDERS	DIRECT	%#	INDIRECT	%#
Suasana Karisma Sdn. Bhd.	29,568,000	30.04	-	-
Dato' Hj Samsuri bin Rahmat	-	-	29,568,000*	30.04
Ali Sabri bin Ahmad	-	-	29,568,000*	30.04

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 31 July 2014.

* Deemed interested pursuant to Section 6A of the Companies Act, 1965 ("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 31 July 2014 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	-	-	29,568,000*	30.04
Ali Sabri bin Ahmad	-	-	29,568,000*	30.04
Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin	-	-	-	-
Haji Ab Gani bin Haron	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 31 July 2014.

* Deemed interested pursuant to Section 6A of the Companies Act, 1965 ("the Act") by virtue of their shareholdings in Suasana Karisma Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of **YLI Holdings Berhad** will be held at the Hall of Fame, Level 1, Hard Rock Hotel, Batu Ferringhi Beach, 11100 Penang on Thursday, 25 September 2014 at 10.30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. — Please refer to Note A

AS ORDINARY BUSINESS

2. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:-

   Encik Ali Sabri bin Ahmad (Resolution 1)

   Tuan Haji Ab. Gani bin Haron (Resolution 2)

   Encik Mohammad Khayat bin Idris (Resolution 3)

3. To re-appoint YBhg Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin who retires in accordance with Section 129(6) of the Companies Act, 1965. (Resolution 4)

4. To appoint auditors and to authorise the Directors to fix their remuneration. (Resolution 5)

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, has been received by the Company for the nomination of Messrs Baker Tilly Monteiro Heng who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "THAT Messrs Baker Tilly Monteiro Heng who has been nominated by a major shareholder be appointed as the new auditors of the Company in place of the existing auditors Messrs PricewaterhouseCoopers to hold office until the conclusion of the next annual general meeting of the Company at a fee to be determined by the Directors of the Company."

AS SPECIAL BUSINESS

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

Ordinary Resolutions

5. To approve the Directors' fees of RM58,000 for the financial year ended 31 March 2014. (Resolution 6)

6. Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital (Resolution 7)

   "THAT, subject to the Companies Act, 1965 ("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 of RM1.00 each in the Company's issued and paid-up share capital through Bursa Securities at anytime 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 maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital 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 share premium account of the Company amounting to RM7,208,014 as at 31 March 2014;

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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."

7. Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 8)

"THAT, subject to the Companies Act 1965, the Articles of Association of the Company and the approvals from the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital 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."

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

By Order of the Board

GUNN CHIT GEOK (MAICSA 0673097)
Company Secretary

Penang

Date: 3 September 2014

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Note A

This Agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 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 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 at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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 2579 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang 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 147 of the Companies Act, 1965.
8. Only members registered in the Record of Depositors as at 18 September 2014 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 6 – To approve the Directors' fees of RM58,000 for the financial year ended 31 March 2014**

   The proposed Ordinary Resolution 6, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2014 amounting to RM58,000.

2. **Resolution 7 – Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital**

   The proposed Ordinary Resolution 7, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital 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 3 September 2014.

3. **Resolution 8 – Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965**

   This general mandate for issuance of shares ("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.

   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 from the unissued capital of the Company 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

pursuant to paragraph 8.27(2) of the 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.

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 Nineteenth Annual General Meeting of the Company to be held at the Hall of Fame, Level 1, Hard Rock Hotel, Batu Ferringhi Beach, 11100 Penang on Thursday, 25 September 2014 at 10.30 a.m. and at any adjournment thereof.

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

	RESOLUTIONS	FOR	AGAINST
Resolution 1	- Re-election of Encik Ali Sabri bin Ahmad		
Resolution 2	- Re-election of Tuan Haji Ab. Gani bin Haron		
Resolution 3	- Re-election of Encik Mohammad Khayat bin Idris		
Resolution 4	- Re-appointment of YBhg Academician Tan Sri Datuk Prof Ir (Dr) Hj Ahmad Zaidee bin Laidin		
Resolution 5	- Appointment of Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to fix their remuneration		
Resolution 6	- Approval of Directors' fees		
Resolution 7	- Proposed renewal of the authority for the purchase of the Company's own ordinary shares of RM1.00 each of up to ten per centum (10%) of the Company's issued and paid-up share capital		
Resolution 8	- Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965		

(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 …………………………… 2014

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 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 at least one proxy 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 2579 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang 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 18 September 2014 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 Secretary
YLI HOLDINGS BERHAD **(367249-A)**
2579, Lorong Perusahaan 10,
Prai Industrial Estate,
13600 Prai, Pulau Pinang, Malaysia

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YLI HOLDINGS BERHAD
Co. No. 367249-A

2579, Lorong Perusahaan 10, Prai Industrial Estate,
13600 Prai, Pulau Pinang, Malaysia
Tel : 604-399 1819 (Hunting Line)
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