YLI HOLDINGS BERHAD
Co. No. 367249-A

DIVERSIFICATION & EXPANSION

annual report 2015

CONTENTS

OUR VISION

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

OUR MISSION

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Managing Director
Dato' Hj Samsuri Bin Rahmat

Executive Director
Ali Sabri Bin Ahmad
Seah Heng Chin

Independent Non-Executive Directors
Tan Sri Academician Ir (Dr) Ahmad
Zaidee Bin Laidin
Tuan Haji Ab Gani Bin Haron
Mohammad Khayat Bin Idris

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

REGISTERED OFFICE

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

COMPANY SECRETARY

Molly Gunn Chit Geok
MAICSA 0673097

AUDITORS

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

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad
3rd Floor, Standard Chartered Bank
Chambers
Lebuh Pantai, 10300 Penang
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

YLI HOLDINGS BERHAD
Co. No. 367249-A

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

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 2015. Despite the resilient local economy registering a four-year high GDP growth rate of 6.0 % in 2014 (vis-à-vis 4.7% in 2013), the Group's operating environment remained extremely trying. The group faced the full brunt of government subsidy rationalisation, higher minimum wages and the lingering impact of tariff relaxation under the AFTA regime. As a result of these external headwinds, the Group closed the financial year with a marginal net loss.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a revenue of RM124.4 million, slightly less than the RM128.3 million revenue recorded in the previous financial year. Whilst the revenue from manufacturing activities experienced some downward pressure due to adverse conditions, the fall was cushioned by the consolidation of results of our two newly acquired subsidiaries, namely Haluan Prisma Sdn Bhd ("Haluan Prisma") and MRPI Pipes Sdn Bhd ("MPipes"). The acquisitions of Haluan Prisma and MPipes were completed in January and February 2015 respectively.

The Malaysian economy had recorded a resilient growth of 6.0% in 2014, which was reportedly powered by buoyant private consumption and strong exports, despite slowdowns in both fixed investment and government spending. Notwithstanding the perceived improvement with higher GDP growth, the Group's operating environment continued to be overshadowed by the negative impact of various external headwinds. The Group experienced continuing margin erosion as a result of intense market competition in both local and export markets, and increasing costs owing to the government subsidy rationalisation and minimum wage implementation resulted in tougher market conditions.

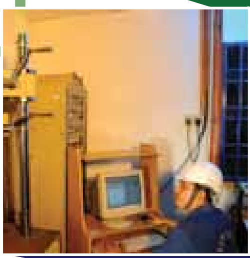
Amidst all these external challenges, the Group had registered a marginal loss after tax of RM1.68 million in 2015, as compared to a pre-tax profit of RM0.91 million in the previous financial year. Meanwhile, the Group's shareholder's funds increased slightly to RM154.92 million as compared to RM151.63 million recorded in the previous financial year, primarily owing to the issuance of new ordinary shares and the presence of non-controlling interest arising from the acquisition of the two new subsidiaries as aforementioned.

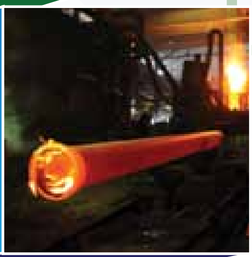
INDUSTRY OUTLOOK

While the industry outlook for the Group is expected to remain challenging in the immediate term, the Board of Directors are still convinced that demand for the Group's products will be improved once the impasse in the water restructuring efforts in Selangor is eventually resolved. The Board of Directors believes that the Group would inevitably stand to benefit 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 ongoing cost containment measures to retain its position as the preferred least cost supplier of premium quality water pipes in the region. Other strategic measures such as diversifying product range, increasing market reach by leveraging on our in-house research and marketing initiatives will be continued.

As our past experience has demonstrated the risk of specialising in a single field or industry, the Group would continue to scout for opportunities to diversify the earnings base of the Group and find investments that generate good and sustainable returns for its shareholders. As noted, the strategic measures taken via the acquisition of the two new subsidiaries have effectively cushioned the otherwise steeper falls in both revenue and profit of the Group in 2015.





CORPORATE GOVERNANCE

The Statement on Corporate Governance is set out on page 16 to page 25. 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 seeks alternative methods 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, it is my pleasure once again to thank the management and employees of the Group for their perseverance and dedication in propelling the Group's business forward. I also wish to thank all our valued customers, bankers and business associates for their continuing support. Last but not least, I would like to register my utmost gratitude to all our shareholders for their strong confidence in the Group.

Tan Sri Syed Mohd Yusof bin Tun Syed Nasir
Chairman

FINANCIAL TRACK RECORD

	FINANCIAL YEAR ENDED 31 MARCH				
	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	**124,441**	128,257	100,514	143,292	76,682
Profit/(Loss) Before Taxation	**(1,251)**	1,248	(3,923)	(4,745)	(43,309)
Profit/(Loss) After Taxation Attributed to Shareholders	**(553)**	955	(2,448)	(2,625)	(40,304)
Shareholders' Funds	**154,923**	151,629	149,906	152,233	154,483
Total Assets Employed	**248,896**	204,906	209,871	226,246	222,676
Profit/(Loss) After Taxation as a Percentage of Shareholders' Funds (%)	**(0.4)**	0.6	(1.6)	(1.7)	(26.1)
Basic/Diluted Earnings/(Loss) Per Share (sen)	**(0.56)**	0.97	(2.49)	(2.67)	(40.94)
Net Assets Per Share (RM)	**1.53**	1.54	1.52	1.55	1.57
No. of Shares in Issue (Net of Treasury Shares)	**101,340**	98,439	98,439	98,439	98,439

OUR PERFORMANCE

			2015 RM'000	2014 RM'000	% CHANGE
INCOME STATEMENT	Revenue		**124,441**	128,257	(2.98)
	Profit/(Loss) Before Taxation		**(1,251)**	1,248	*
	Profit/(Loss) After Taxation Attributed to Shareholders		**(553)**	955	*
BALANCE SHEET	Shareholders' Funds		**154,923**	151,629	2.17
	Total Asset Employed		**248,896**	204,906	21.47
RATIOS	Current Ratio	times	**1.87**	2.69	(30.48)
	Return on Equity	%	**(0.36)**	0.63	*
	Return on Total Assets	%	**(0.22)**	0.47	*
	Financial Leverage Ratio	times	**0.17**	0.18	(5.56)
	Basic/Diluted Earnings/(Loss) Per Share	sen	**(0.56)**	0.97	*
	Net Tangible Assets Per Share	RM	**1.51**	1.54	(1.95)
	31 March Closing Price	RM	**0.81**	1.05	(22.86)

* Not Applicable/Comparable

BOARD OF DIRECTORS

ENCIK MOHAMMAD KHAYAT IDRIS
Independent Non-Executive Director

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

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

BOARD OF DIRECTORS

TUAN HAJI AB GANI HARON
Independent Non-Executive Director

ENCIK ALI SABRI AHMAD
Non-Independent Executive Director

MR. SEAH HENG CHIN
Non-Independent
Executive Director

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

MANAGEMENT TEAM

YEW LEAN FOUNDRY & CO. SDN BHD

1. **Dato' Samsuri Rahmat**
   Managing Director
2. **En. Ali Sabri Ahmad**
   Executive Director
3. **Mr. Seah Heng Chin**
   Executive Director - Group Finance & Business Development
4. **Mr. Khor Song Sim**
   Senior General Manager - Corporate Services
5. **Ms. Hong Gaik Im**
   General Manager, Finance & Accounts
6. **Mr. Loke Keng Luen**
   Senior Manager - Operations
7. **Mr. Tan Lye Huat @ Teh Lye Huat**
   Nagasari Plant & Electrical Manager
8. **Mr. Chan Sang Tin**
   Sales & Marketing Manager
9. **Mr. Loh Gin Hooi**
   Sales Administration Manager
10. **Mr. Ng Hock Cheng**
    Sales & Marketing Manager
11. **Ms. Boey Bee Gut**
    Operations Manager
12. **Ms. Lee Bee Lan**
    Accounts Manager
13. **Mr. Lim Sioh Hong**
    Production Engineer
14. **En. Muhammad Abir Long**
    Deputy Production Engineer / Shift In Charge

LAKSANA WIBAWA SDN BHD

15. **Tuan Haji Mohmad Damahuri Mohmad Tahir**
    Executive Director
16. **En. Rozali Muhammad**
    Senior Plant Manager
17. **Mr. Teo Kee Heng**
    Business / Sales Development Manager
18. **En. Mohd Rashidi Mohd Rawi**
    HRA Manager
19. **En. Mazlan Mohamed**
    Accountant

MRPI PIPES SDN BHD

20. Tuan Haji Ruzlan Haji Rahmat
Managing Director

21. En. Anuar Shukry Ismail
Marketing Manager

22. En. Sharuddin Hussien
Operation Manager

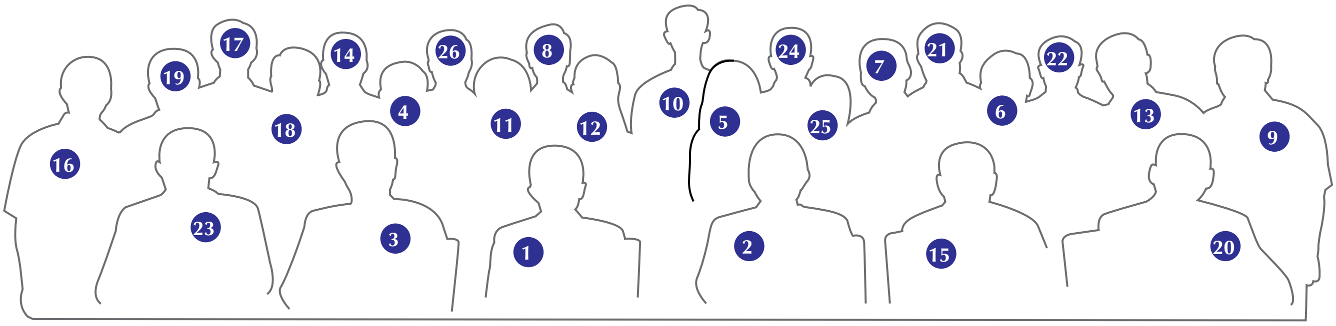
HALUAN PRISMA SDN BHD

23. Ir Wan Amzari Abdul Halim
Managing Director

24. En. Shah Razak Mohamad
Senior Manager

25. Pn. Marliza Mohd Zamedin
Senior Manager

26. En. Johari Nasir
Assistant Manager



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 six Board Meetings for the financial year ended 31 March 2015.

DATO' HJ. SAMSURI RAHMAT

Malaysian, aged 60
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 and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all six Board Meetings for the financial year ended 31 March 2015.

ENCIK ALI SABRI AHMAD

Malaysian, aged 58
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 and/or any major shareholder of the Group and does not have any conflict of interest with the Company. He has attended all six Board Meetings for the financial year ended 31 March 2015.

TUAN HAJI AB GANI HARON

Malaysian, aged 64
Independent Non-Executive Director

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

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

He has over thirty years of working experience in civil service. He started his career as an accountant in the Accountant General's office. He had since held various key positions in the Accountant General's office. He was the Deputy Accountant General (Operations) in the Accountant General's office until November 2007. He sits on the Board of CenSof Holdings Berhad and 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 six Board Meetings for the financial year ended 31 March 2015.

ENCIK MOHAMMAD KHAYAT IDRIS

Malaysian, aged 62
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 six Board Meetings for the financial year ended 31 March 2015.

PROFILE OF DIRECTORS

TAN SRI ACADEMICIAN IR (DR) AHMAD ZAIDEE LAIDIN

Malaysian, aged 72
Independent Non-Executive Director

Tan Sri Academician 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, the current Secretary General of the Academy of Sciences Malaysia, a Board Member of Open University Malaysia and Meteor Learning Sdn. Bhd. He is also Chairman and Director of Malay Education and Development Research Institute, an NGO. He also serves on the Board of UNITEN.

He 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 six Board Meetings for the financial year ended 31 March 2015.

MR. SEAH HENG CHIN

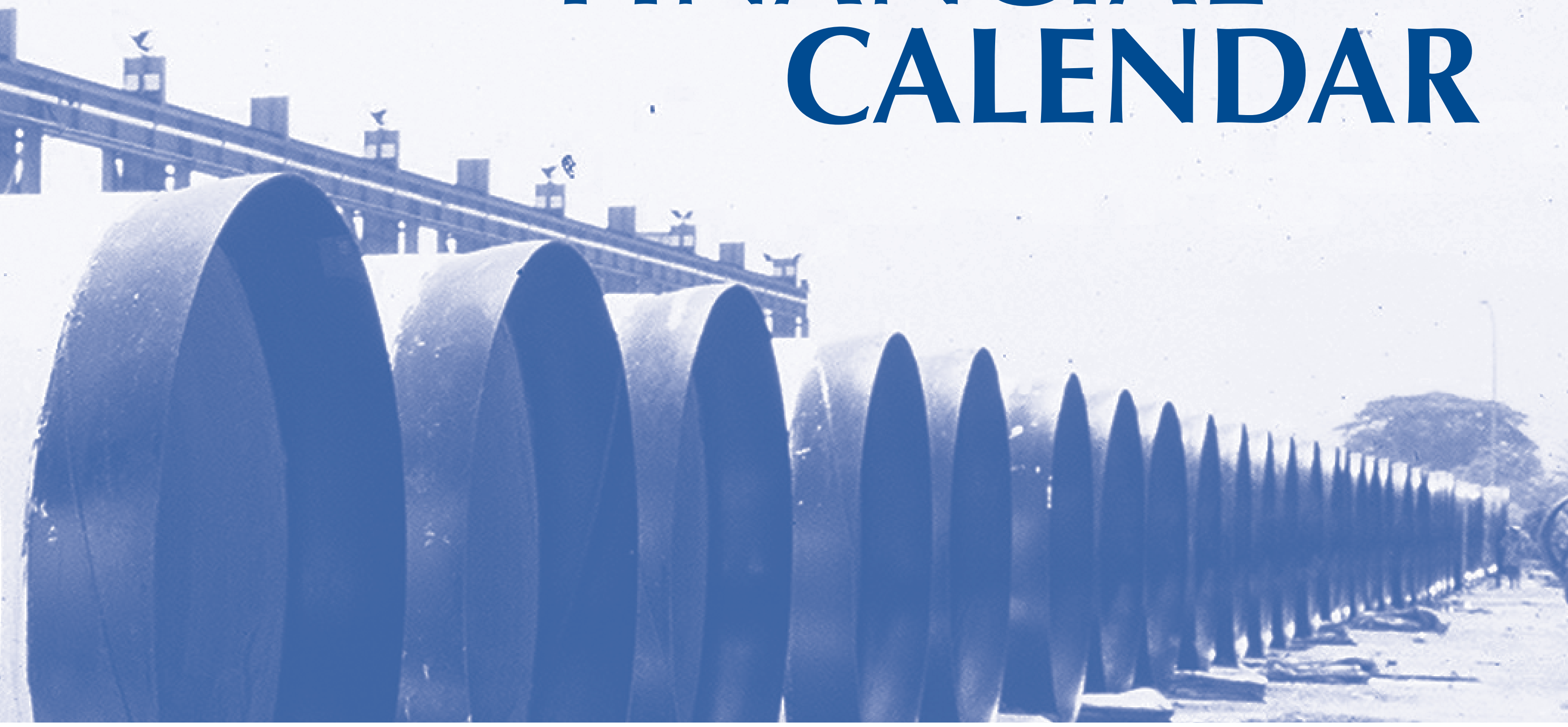
Malaysian, aged 41
Non-Independent Executive Director

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

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

He 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 two Board Meetings for the financial year ended 31 March 2015 since his appointment on 14 November 2014.

FINANCIAL CALENDAR



FINANCIAL YEAR END	31 March 2015	
ANNUAL GENERAL MEETING	29 September 2015	
ANNOUNCEMENT OF RESULTS	**First Quarter**	28 August 2014
	Second Quarter	27 November 2014
	Third Quarter	26 February 2015
	Fourth Quarter	28 May 2015
ANNUAL REPORT	**Date of Issuance**	28 August 2015

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 2015.

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

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

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

(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.

THE BOARD OF DIRECTORS (CONT'D)

(ii) Board Meetings (cont'd)

During the financial year ended 31 March 2015, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

	Board of Directors' Meeting		May '14	Aug '14	Aug'14	Oct '14	Nov '14	Feb '15		
	Directors	Position	Attendance						Total	%
1	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Non-Executive Chairman	•	•	•	•	•	•	6/6	100
2	Dato' Hj Samsuri Bin Rahmat	Managing Director	•	•	•	•	•	•	6/6	100
3	Ali Sabri Bin Ahmad	Executive Director	•	•	•	•	•	•	6/6	100
4	Seah Heng Chin (Appointed on 14 November 2014)	Executive Director	-	-	-	-	•	•	2/2	100
5	Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin	Director	•	•	•	•	•	•	6/6	100
6	Tuan Haji Ab Gani Bin Haron	Director	•	•	•	•	•	•	6/6	100
7	Mohammad Khayat Bin Idris	Director	•	•	•	•	•	•	6/6	100
	Total number of meetings held:								6	

(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 Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin (Senior Independent Non-Executive Director) who is the Chairman, Tuan Haji Ab Gani bin Haron (Independent Non-Executive Director) and Encik Mohammad Khayat bin Idris (Independent Non-Executive Director).

THE BOARD OF DIRECTORS (CONT'D)

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

Nomination Committee (cont'd)

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

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.

THE BOARD OF DIRECTORS (CONT'D)

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

Terms of Reference (cont'd)

3.0 Meetings (cont'd)

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.

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.

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:

5.1.6 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.

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 Review training programs for the Board.

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

5.1.20 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.

THE BOARD OF DIRECTORS (CONT'D)

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

Activities of the Committee

During the financial year ended 31 March 2015, the Committee carried out the following activities in the discharge of its functions and duties:-

(1) Recommended to the Board, all directorships to be filled by the Board.
(2) Proposed new nominee for the Board and assess directors on an on-going basis.
(3) Assessed the Board and Board Committees and contributions of each Director.
(4) Reviewed the structure, size, balance, composition and effectiveness of the Board and Committees.
(5) Reviewed and recommended to the Board for re-election of the Directors who retired under the Articles of Association.
(6) Recommended on the re-appointment of a director under Section 129(6) of the Companies Act, 1965.
(7) Assessed the independence of independent directors.
(8) 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 2015, 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 Seah Heng Chin Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin Tuan Haji Ab Gani Bin Haron Mohammad Khayat Bin Idris	In-house directors' training programme on New Expectations for Directors under New Companies Bill 2013	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).

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.

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 2015 is set out below:-

A. Aggregate Remuneration

	Group		Company	
	Executive Directors RM	Non-Executive Directors RM	Executive Directors RM	Non-Executive Directors RM
Fees	84,000	24,000	34,000	24,000
Salaries	956,511	-	-	-
Bonus	201,008	-	-	-
Benefits in kind	78,614	199,700	-	180,000
Other benefits	189,674	493,000	-	493,000
Total	**1,509,807**	**716,700**	**34,000**	**697,000**

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)

	Group		Company	
Band (RM)	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
0 – 50,000	-	-	3	-
50,001 – 100,000	-	3	-	3
100,001 – 150,000	1	-	-	-
450,001 – 500,000	1	-	-	1
500,001 – 550,000	-	1	-	-
900,001 – 950,000	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, Independent Non-Executive Director
Telephone number : 03 -77222296
Facsimile number : 03 -77222057
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.

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 32 of this Annual Report.

(ii) Internal Control

The Statement on Risk Management and Internal Control as set out on pages 31 to 32 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 27 to 30 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 2015.

(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 2015 are as follows:

	No. of shares retained as Treasury Shares
As at 1 April 2014	121,000
Movements during the year	-
As at 31 March 2015	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 2015.

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 2015, 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 RM30,000.

Conviction for offences

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

Chairman

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

Members

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

Encik Mohammad Khayat bin Idris
Independent Non-Executive Director

****** Member of MIA***

Terms of Reference

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.

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.

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.

Details of attendance of members at Audit Committee Meetings

For the financial year ended 31 March 2015, five (5) Audit Committee meetings were held.

The attendance of each member is set out below:

Committee Members	Position	May '14	Aug '14	Aug '14	Nov '14	Feb '15	Total	%
		Attendance						
Tuan Haji Ab Gani bin Haron	Chairman	•	•	•	•	•	5/5	100
Tan Sri Academician Ir (Dr) Ahmad Zaidee Bin Laidin	Member	•	•	•	•	•	5/5	100
Mohammad Khayat bin Idris	Member	•	•	•	•	•	5/5	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 2015 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 to the Board on the nomination of Messrs Baker Tilly Monteiro Heng for appointment as the External Auditors of the Company.
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.
i. Considered and recommended to the Board on the acquisition of 70% equity interest each in Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd.

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 RM50,274 for the year ended 31 March 2015.

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.

The internal audit activities during the financial year ended 31 March 2015 were as follows:-

a. Conducted audit reviews on the functional areas and operating processes of the Group such as inventory management, sales to receipt and conversion and production in compliance with established policies as well as procedures and statutory requirements.
b. Provided recommendations to the management to assist the operations management and the Group in improving and accomplishing its internal control requirements.
c. Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on internal control weaknesses to the Audit Committee and the respective operations management.
d. Performed follow-up reviews to ensure that corrective actions were implemented effectively.
e. Presented the internal audit report to the Audit Committee on a quarterly basis.

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

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's systems of risk management and internal control for reviewing the adequacy and 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 Guideline 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 has in place to improve the internal 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.

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 conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) 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.

CONCLUSION

The Board has received assurance from the Group Managing Director and Executive Director - Group Finance & Business Development that the Group's risk management and the internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the 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 2015. 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 28.5.2015

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

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the Group consist of manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products, construction work and project management for waterworks and sewerage industry. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year other than the acquisition of two subsidiaries as disclosed in Note 12 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	1,681	1,742
Loss attributable to:		
Owners of the Company	553	1,742
Non-controlling interests	1,128	-
	1,681	1,742

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company's issued and paid-up capital increased by:

(i) 1,046,338 new ordinary shares of RM1.00 each at an issue price of RM1.00 each per ordinary share to satisfy part of the purchase consideration for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. pursuant to a sale and purchase agreement dated 7 August 2014. For the purpose of accounting for the shares consideration, the fair value of RM0.785 per ordinary share as at the date of completion was recorded instead of issue price of RM1.00 per ordinary share; and

(ii) 1,854,489 new ordinary shares of RM1.00 each at an issue price of RM1.00 each per ordinary share to satisfy part of the purchase consideration for the acquisition of the 70% equity interest in MRPI Pipes Sdn. Bhd. pursuant to a sale and purchase agreement dated 7 August 2014. For the purpose of accounting for the shares consideration, the fair value of RM0.740 per ordinary share as at the date of completion was recorded instead of issue price of RM1.00 per ordinary share.

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

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

The Company has not issued any debentures during the financial year.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:

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
SEAH HENG CHIN (Appointed on 14.11.2014)

DIRECTORS' INTERESTS

The interests of the directors in office at the end of the financial year in the shares of the Company and its related corporations during the financial year according to the registers of directors' shareholding required to be kept under Section 134 of the Companies Act, 1965, are as follows:

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH			
	AT 1.4.2014 '000	BOUGHT '000	SOLD '000	AT 31.3.2015 '000
Direct Interest				
Tan Sri Syed Mohd Yusof bin Tun Syed Nasir ("TSSMY")	29,568	-	(29,568)	-
Deemed Interest				
Dato' Hj. Samsuri bin Rahmat *	-	29,568	-	29,568
Ali Sabri bin Ahmad *	-	29,568	-	29,568

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

The other directors in office at the end of the financial year did not have any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENTS

Details of significant events during the financial year and subsequent to the financial year end are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 July 2015.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR

DATO' HJ. SAMSURI BIN RAHMAT

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the directors of YLI Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 40 to 96 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 97 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 July 2015.

TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR

DATO' HJ. SAMSURI BIN RAHMAT

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 the Company, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 40 to 96 and the supplementary information as set out on page 97 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 10 July 2015.

DATO' HJ. SAMSURI BIN RAHMAT

Before me

TAN KIM CHOOI (W661)
16th Floor Wisma Sime Darby
Jalan Raja Laut 50350 Kuala Lumpur
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 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are 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 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 controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors which are disclosed in Note 12 to the financial statements.

(c) We are satisfied that the financial statements 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 auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 97 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 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 ("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

The financial statements of the Group and of the Company for the financial year ended 31 March 2014 were audited by another firm of chartered accountants whose report dated 9 July 2014 expressed an unmodified opinion on those financial statements.

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 contents of this report.

BAKER TILLY MONTEIRO HENG
AF 0117
Chartered Accountants

LOCK PENG KUAN
2819/10/16(J)
Chartered Accountant

Kuala Lumpur
10 July 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	4	**124,441**	128,257	**209**	206
Cost of sales	5	**(114,606)**	(115,530)	**-**	-
Gross profit		**9,835**	12,727	**209**	206
Other income		**1,331**	1,044	**-**	-
Selling and distribution expenses		**(2,323)**	(2,617)	**-**	-
Administrative expenses		**(8,616)**	(6,770)	**(1,653)**	(968)
Other operating expenses		**(298)**	(1,018)	**(298)**	-
		(11,237)	(10,405)	**(1,951)**	(968)
(Loss)/Profit from operations		**(71)**	3 ,366	**(1,742)**	(762)
Finance costs	6	**(1,654)**	(2,403)	**-**	-
Share of results of a joint venture		**474**	285	**-**	-
(Loss)/Profit before tax	7	**(1,251)**	1,248	**(1,742)**	(762)
Tax expense	9	**(430)**	(340)	**-**	(82)
(Loss)/Profit for the financial year		**(1,681)**	908	**(1,742)**	(844)
Other comprehensive income, net of tax					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation		**1,653**	768	**-**	-
Total comprehensive (loss)/income for the financial year		**(28)**	1,676	**(1,742)**	(844)
(Loss)/Profit attributable to:					
Owners of the Company		**(553)**	955	**(1,742)**	(844)
Non-controlling interests		**(1,128)**	(47)	**-**	-
		(1,681)	908	**(1,742)**	(844)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**1,100**	1,723	**(1,742)**	(844)
Non-controlling interests		**(1,128)**	(47)	**-**	-
		(28)	1,676	**(1,742)**	(844)
(Loss)/Earnings per share attributable to owners of the Company (sen):					
- Basic	10	**(0.56)**	0.97		
- Diluted	10	**(0.56)**	0.97		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2015

		GROUP		COMPANY	
	NOTE	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	11	**91,695**	90,838	**-**	-
Investment in subsidiaries	12	**-**	-	**60,015**	54,504
Investment in a joint venture	13	**13,308**	11,181	**8,065**	8,065
Intangible assets	14	**1,892**	-	**-**	-
Trade receivables	15	**-**	137	**-**	-
		106,895	102,156	**68,080**	62,569
Current Assets					
Inventories	16	**36,105**	41,555	**-**	-
Trade receivables	15	**75,579**	38,950	**-**	-
Amount due from customers for contract works	24	**379**	-	**-**	-
Other receivables, deposits and prepayments	17	**1,977**	919	**467**	124
Tax recoverable		**247**	2	**3**	2
Cash and cash equivalents	18	**27,714**	21,324	**3,032**	3,016
		142,001	102,750	**3,502**	3,142
TOTAL ASSETS		**248,896**	204,906	**71,582**	65,711
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**101,461**	98,560	**101,461**	98,560
Treasury shares	19	**(108)**	(108)	**(108)**	(108)
Reserves	20	**53,570**	53,177	**(35,352)**	(32,903)
Equity attributable to owners of the Company		**154,923**	151,629	**66,001**	65,549
Non-controlling interests		**3,402**	1,650	**-**	-
Total Equity		**158,325**	153,279	**66,001**	65,549
Liabilities					
Non-current liabilities					
Deferred tax liabilities	21	**6,010**	6,379	**-**	-
Contingent consideration payables	30	**5,265**	-	**5,265**	-
Term loans	25	**2,308**	6,924	**-**	-
Finance lease payables	27	**1,006**	124	**-**	-
		14,589	13,427	**5,265**	-
Current Liabilities					
Trade payables	22	**45,815**	10,071	**-**	-
Other payables and accruals	23	**5,235**	6,777	**316**	162
Amount due to customers for contract works	24	**544**	-	**-**	-
Term loans	25	**4,621**	4,236	**-**	-
Other bank borrowings	26	**19,423**	16,584	**-**	-
Finance lease payables	27	**236**	147	**-**	-
Tax payable		**108**	385	**-**	-
		75,982	38,200	**316**	162
Total Liabilities		**90,571**	51,627	**5,581**	162
TOTAL EQUITY AND LIABILITIES		**248,896**	204,906	**71,582**	65,711

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

2014	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	CAPITAL RESERVE RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	ATTRIBUTABLE TO OWNERS OF THE COMPANY								
			NON-DISTRIBUTABLE						
At 1 April 2013	98,560	(108)	-	7,208	(132)	44,378	149,906	1,697	151,603
Comprehensive income									
Profit for the financial year	-	-	-	-	-	955	955	(47)	908
	-	-	-	-	-	955	955	(47)	908
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	768	-	768	-	768
Total other comprehensive income	-	-	-	-	768	-	768	-	768
Total comprehensive income for the financial year	-	-	-	-	768	955	1,723	(47)	1,676
At 31 March 2014	98,560	(108)	-	7,208	636	45,333	151,629	1,650	153,279

2015	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	CAPITAL RESERVE RM'000	SHARE PREMIUM RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	ATTRIBUTABLE TO OWNERS OF THE COMPANY								
			NON-DISTRIBUTABLE						
At 1 April 2014	**98,560**	**(108)**	**-**	**7,208**	**636**	**45,333**	**151,629**	**1,650**	**153,279**
Comprehensive income/(loss)									
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**(553)**	**(553)**	**(1,128)**	**(1,681)**
	-	**-**	**-**	**-**	**-**	**(553)**	**(553)**	**(1,128)**	**(1,681)**
Other comprehensive income									
Foreign currency translation differences	**-**	**-**	**-**	**-**	**1,653**	**-**	**1,653**	**-**	**1,653**
Total other comprehensive income	**-**	**-**	**-**	**-**	**1,653**	**-**	**1,653**	**-**	**1,653**
Total comprehensive income/loss for the financial year	**-**	**-**	**-**	**-**	**1,653**	**(553)**	**1,100**	**(1,128)**	**(28)**
Transactions with owners									
Issuance of shares	**2,901**	**-**	**(707)**	**-**	**-**	**-**	**2,194**	**-**	**2,194**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,880**	**2,880**
	2,901	**-**	**(707)**	**-**	**-**	**-**	**2,194**	**2,880**	**5,074**
At 31 March 2015	**101,461**	**(108)**	**(707)**	**7,208**	**2,289**	**44,780**	**154,923**	**3,402**	**158,325**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	ATTRIBUTABLE TO OWNERS OF THE COMPANY					
			NON-DISTRIBUTABLE			
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	CAPITAL RESERVE RM'000	SHARE PREMIUM RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 2013	98,560	(108)	-	7,208	(39,267)	66,393
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	(844)	(844)
At 31 March 2014/ 1 April 2015	98,560	(108)	-	7,208	(40,111)	65,549
Issuance of shares	2,901	-	(707)	-	-	2,194
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	(1,742)	(1,742)
At 31 March 2015	**101,461**	**(108)**	**(707)**	**7,208**	**(41,853)**	**66,001**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	NOTE	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Operating Cash Flows					
Cash receipts from customers		**105,531**	130,574	**-**	-
Cash paid to suppliers and employees		**(97,116)**	(121,035)	**(777)**	(721)
Cash flows generated from/(used in) operations		**8,415**	9,539	**(777)**	(721)
Tax paid		**(1,436)**	(601)	**(1)**	(2)
Tax refunded		**-**	236	**-**	9
Interest received		**99**	96	**99**	96
		(1,337)	(269)	**98**	103
Net cash from/(used in) operating activities		**7,078**	9,270	**(679)**	(618)
Investing Cash Flows					
Purchases of property, plant and equipment	11	**(581)**	(1,238)	**-**	-
Acquisition of subsidiaries, net of cash acquired	30	**2,695**	-	**(655)**	-
Repayment of advances by a subsidiary		**-**	-	**1,350**	600
Proceeds from disposal of property, plant and equipment		**125**	-	**-**	-
Interests received		**441**	399	**-**	-
Net cash (used in)/from investing activities		**2,680**	(839)	**695**	600
Financing Cash Flows					
Drawdown of short-term borrowings		**2,764**	536	**-**	-
Payment of finance lease		**(256)**	(165)	**-**	-
Repayment of term loans		**(4,616)**	(6,135)	**-**	-
Interests paid		**(1,654)**	(2,760)	**-**	-
Decrease/(Increase) in deposits charged for credit facilities		**463**	(563)	**-**	-
Net cash used in financing activities		**(3,299)**	(9,087)	**-**	-
Net change in cash and cash equivalents during the financial year		**6,459**	(656)	**16**	(18)
Cash and cash equivalents at beginning of the financial year		**17,163**	17,819	**3,016**	3,034
Cash and cash equivalents at end of the financial year	18	**23,622**	17,163	**3,032**	3,016

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

1 CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the Group consist of manufacturing and trading of ductile iron pipes, steel and plastic pipes and fittings and waterworks related products, construction work and project management for waterworks and sewerage industry. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year other than the acquisition of two subsidiaries as disclosed in Note 12 to the financial statements.

The registered office of the Company is located at No.45, Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan.

The principal place of the business of the Company is located at 2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Penang.

The financial statements were authorised for issue in accordance with a resolution of the Board of directors on 10 July 2015.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

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

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

(i) Adoption of Amendments/Improvements to MFRSs and New IC Int

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

<u>Amendments/Improvements to MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company.

2 BASIS OF PREPARATION (CONT'D)

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

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

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

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

2 BASIS OF PREPARATION (CONT'D)

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

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 9 Financial Instruments (cont'd)

Classification and measurement

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

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

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

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

MFRS 15 Revenue from Contracts with Customers

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

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

2 BASIS OF PREPARATION (CONT'D)

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

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

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

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

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

2 BASIS OF PREPARATION (CONT'D)

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

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

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

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

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

2 BASIS OF PREPARATION (CONT'D)

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

(ii) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements - the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities - the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures - the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except for those as disclosed in the significant accounting policies note.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM'000, unless otherwise stated.

(d) Significant accounting estimates and judgements

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

(i) Tax expense (Note 9) – Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different will impact the current tax and deferred tax in the periods in which the outcome is known.

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

2 BASIS OF PREPARATION (CONT'D)

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

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

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

(v) Contingent consideration payables (Note 30) – Significant judgement is required to assess the probability of payout and the fair value of the Company share price in the estimation of the fair value of contingent consideration payables.

(vi) Investment in joint venture (Note 13) – The Group holds 37% of the voting rights of its joint arrangement. The Group accounted for this investment as joint venture in accordance with MFRS 11 *Joint Arrangements* as unanimous consent is required from all parties to the agreements for all relevant activities and the Group has the rights to the net assets of the joint arrangement.

(vii) Recoverable amount of non-financial assets (Notes 11 and 12) – 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 of disposal for that asset and its value-in-use.

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 of disposal. The fair value less costs of disposal of the said property, plant and equipment was determined by the directors based on 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 depreciated replacement cost method.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

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

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other holders;

- Potential voting rights, if such rights are substantive, held by the Group, other vote holders or other parties;

- Rights arising from other contractual arrangements;

- The nature of the Group's relationship with other parties and whether those other parties are acting on its behalf (i.e. they are 'de facto agents'); and

- Any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

(ii) Accounting for business combinations

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

(ii) Merger method of accounting

Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between cost of acquisition over the nominal value of the share capital and reserves of the subsidiaries is taken to merger reserve. Merger debit arising on consolidation is set off against the revaluation and other reserves of the Group at that point in time.

(iii) Accounting for acquisitions of non-controlling interests

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

(iv) Loss of control

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(v) Non-controlling interests

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

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

(vi) Transactions eliminated on consolidation

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

(b) Joint arrangements

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

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

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

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

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

(c) Foreign currency

(i) Foreign currency transactions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

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

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

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

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

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

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

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

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

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

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

(iii) Principal closing rates

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

	2015 RM	2014 RM
1 Singapore Dollar ("SGD")	**2.69**	2.59
1 United States Dollar ("USD")	**3.70**	3.27
100 Sri Lankan Rupee ("LKR")	**0.03**	0.02

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Goodwill on business combination

Goodwill arises on the acquisition of subsidiaries.

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

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

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

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

(e) Property, plant and equipment and depreciation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non-financial assets

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

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

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

(g) Inventories

Trading inventories, finished goods, inventories-in-transit, work-in-progress and raw materials are stated at the lower of cost determined on the first-in first-out basis and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete or slow moving inventories.

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

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

(h) Financial assets

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

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

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

(i) Loans and receivables

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

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

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

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

(i) Impairment of financial assets

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

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

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

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

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

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Share capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(l) Treasury shares

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

(m) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

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

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

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

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

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

(n) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Financial guarantee contracts (cont'd)

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

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

(o) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Contingencies

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

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

(q) Revenue recognition

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

(i) Goods sold

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

(ii) Rental income

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

(iii) Dividend income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (cont'd)

(iv) Interest income

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

(v) Management fees

Management fees are recognised when services are rendered.

(r) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

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

(s) Borrowing costs

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

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

(t) Leases

(i) Finance lease – the Group as Lessee

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Leases (cont'd)

(ii) Operating lease – the Group as Lessee

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

(iii) Operating lease – the Group as Lessor

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

(u) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(v) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Board of Directors of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Fair value measurement

The Group adopted MFRS 13, Fair Value Measurement which prescribes that fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market which must be accessible to by the Group.

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

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

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

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

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

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

4 REVENUE

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Construction work and project management	**14,149**	-	**-**	-
Interest income from licensed banks	**99**	96	**99**	96
Management fees	**-**	-	**110**	110
Sales of goods	**110,193**	128,161	**-**	-
	124,441	128,257	**209**	206

5 COST OF SALES

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Construction work and project management	**13,452**	-	**-**	-
Manufacturing and trading of goods	**101,154**	115,530	**-**	-
	114,606	115,530	**-**	-

6 FINANCE COSTS

	GROUP	
	2015 RM'000	2014 RM'000
Interest expenses on:		
- bank overdraft	**185**	222
- term loans	**705**	1,140
- other short term borrowings	**764**	1,041
	1,654	2,403

7 (LOSS)/PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration:				
- statutory audit	**102**	98	**35**	38
- underprovision in prior financial year	**12**	-	**-**	-
- other services	**30**	5	**30**	4
Bargain purchase arising from acquisition of a subsidiary (Note 30)	**(501)**	-	**-**	-
Depreciation of property, plant and equipment	**5,637**	5,661	**-**	-
Directors' fee	**108**	108	**58**	58
Directors' other emoluments	**510**	509	**493**	485
Employee benefits expense (including key management personnel)				
- contribution to defined contribution plan	**1,048**	1,081	**-**	-
- salaries, wages and others	**10,200**	8,928	**-**	-
- other employee benefits	**995**	966	**-**	-
Fair value loss on remeasurement of contingent consideration payables	**298**	-	**298**	-
Impairment loss on trade receivables	**-**	299	**-**	-
Loss on disposal of property, plant and equipment	**89**	-	**-**	-
Impairment loss on property, plant and equipment	**-**	586	**-**	-
Insurance claims received	**(138)**	(485)	**-**	-
Interest expense	**1,654**	2,403	**-**	-
Interest income from licensed banks	**(540)**	(518)	**(99)**	(96)
Net (gain)/loss on foreign exchange:				
- realised	**(25)**	(137)	**-**	-
- unrealised	**(102)**	40	**-**	-
Rental expense				
- land and building	**183**	66	**-**	-
- machinery and equipment	**210**	181	**-**	-
Reversal of impairment loss on trade receivables	**(42)**	-	**-**	-

8 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
Seah Heng Chin (Appointed on 14.11.2014)

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

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Executive directors:				
Fees	**84**	84	**34**	34
Salaries and other emoluments	**1,157**	897	**-**	-
Contributions to defined contribution plans	**173**	132	**-**	-
Other emoluments	**17**	24	**-**	-
	1,431	1,137	**34**	34
Non-executive directors:				
Fees	**24**	24	**24**	24
Other emoluments	**493**	485	**493**	485
	517	509	**517**	509

Benefits provided to directors

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

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Estimated monetary value of benefits-in-kind	**278**	273	**180**	140

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

9 TAX EXPENSE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax:				
Malaysian income tax				
Current financial year	**769**	982	**-**	-
Under/(Over) provision in prior financial year	**46**	(163)	**-**	-
	815	819	**-**	-
Deferred tax:				
Origination and reversal of temporary differences	**(304)**	(291)	**-**	82
Relating to changes in income tax rate	**-**	(188)	**-**	-
Overprovision in prior financial year	**(81)**	-	**-**	-
	(385)	(479)	**-**	82
Tax expense	**430**	340	**-**	82

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit before tax	**(1,251)**	1,248	**(1,742)**	(762)
Tax at the Malaysian statutory income tax rate of 25%	**(313)**	312	**(436)**	(190)
Deferred tax assets not recognised during the financial year	**106**	174	**106**	176
Effect of changes in tax rate on opening balance of deferred tax	**-**	(188)	**-**	-
Effect on share of results of joint venture	**(119)**	(71)	**-**	-
Non-taxable income	**(138)**	(8)	**-**	-
Tax effect on non-deductible expenses	**1,223**	1,075	**330**	96
Tax effect on double deduction expenses	**(7)**	(7)	**-**	-
Tax effect for special incentive for exports	**(287)**	-	**-**	-
Utilisation of deferred tax asset not recognised in prior financial years	**-**	(784)	**-**	-
Under/(Over) provision in prior financial year:				
- current tax	**46**	(163)	**-**	-
- deferred tax	**(81)**	-	**-**	-
Tax expense	**430**	340	**-**	82

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 March 2015 and 31 March 2014 has reflected these changes.

The Group and the Company have estimated unutilised tax losses of RM34,814,377 (2014: RM25,577,051) and RM1,151,720 (2014: RM708,534) respectively. The Group has unabsorbed capital allowances of RM5,221,436 (2014: RM4,513,499) carried forward available for set off against future taxable profits.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (Loss)/Earnings per share

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year as follows:

	GROUP	
	2015	**2014**
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	**(553)**	955
Weighted average number of ordinary shares outstanding during the financial year (adjusted for treasury shares) ('000)	**98,874**	98,439
Basic (loss)/earnings per ordinary share (sen)	**(0.56)**	0.97

(b) Diluted (Loss)/Earnings per share

The diluted (loss)/earnings per ordinary share of the Group for the financial years 2015 and 2014 are equivalent to the basic (loss)/earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

11 PROPERTY, PLANT AND EQUIPMENT

GROUP 2015	LAND AND BUILDINGS RM'000	PLANT, MACHINERY, TOOLS AND EQUIPMENT RM'000	FURNITURE AND FITTINGS RM'000	OFFICE AND OTHER EQUIPMENT RM'000	MOTOR VEHICLES RM'000	CAPITAL WORK IN PROGRESS RM'000	TOTAL RM'000
Cost							
At 1 April 2014	66,761	114,732	722	1,781	4,581	12,627	201,204
In respect of acquisition of subsidiaries (Note 30)	3,121	1,387	128	139	125	-	4,900
Additions	-	98	44	79	1,587	-	1,808
Disposals/Written off	(2)	(67)	(22)	(386)	(577)	-	(1,054)
At 31 March 2015	**69,880**	**116,150**	**872**	**1,613**	**5,716**	**12,627**	**206,858**
Accumulated depreciation							
At 1 April 2014	18,927	85,255	388	1,469	3,741	-	109,780
Charge for the financial year	1,072	4,182	69	63	251	-	5,637
Disposals/Written off	(2)	(67)	(14)	(352)	(405)	-	(840)
At 31 March 2015	**19,997**	**89,370**	**443**	**1,180**	**3,587**	**-**	**114,577**
Accumulated impairment loss							
At 1 April 2014/ 31 March 2015	**-**	**-**	**-**	**-**	**-**	**586**	**586**
Net carrying amount							
At 31 March 2015	**49,883**	**26,780**	**429**	**433**	**2,129**	**12,041**	**91,695**

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 1 April 2013	66,761	113,561	720	1,716	4,748	12,627	200,133
Additions	-	1,171	2	65	-	-	1,238
Disposals	-	-	-	-	(167)	-	(167)
At 31 March 2014	66,761	114,732	722	1,781	4,581	12,627	201,204
Accumulated depreciation							
At 1 April 2013	17,849	80,965	366	1,409	3,697	-	104,286
Charge for the financial year	1,078	4,290	22	60	211	-	5,661
Disposals	-	-	-	-	(167)	-	(167)
At 31 March 2014	18,927	85,255	388	1,469	3,741	-	109,780
Accumulated impairment loss							
At 1 April 2013	-	-	-	-	-	-	-
Additions	-	-	-	-	-	586	586
At 31 March 2014	-	-	-	-	-	586	586
Net carrying amount							
At 31 March 2014	47,834	29,477	334	312	840	12,041	90,838

Analysis of land and buildings:

GROUP 2015	LONG TERM LEASEHOLD LAND RM'000	BUILDING 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 1 April 2014	21,826	37,640	3,757	869	188	2,481	66,761
In respect of acquisition of subsidiaries (Note 30)	-	1,101	1,960	-	-	60	3,121
Disposals/Written off	-	-	-	(2)	-	-	(2)
At 31 March 2015	**21,826**	**38,741**	**5,717**	**867**	**188**	**2,541**	**69,880**
Accumulated depreciation							
At 1 April 2014	5,549	10,677	-	225	59	2,417	18,927
Charge for the financial year	401	647	-	14	2	8	1,072
Disposals/Written off	-	-	-	(2)	-	-	(2)
At 31 March 2015	**5,950**	**11,324**	**-**	**237**	**61**	**2,425**	**19,997**
Net Carrying Amount							
At 31 March 2015	**15,876**	**27,417**	**5,717**	**630**	**127**	**116**	**49,883**

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Analysis of land and buildings: (cont'd)

GROUP 2014	LONG TERM LEASEHOLD LAND RM'000	BUILDING 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 1 April 2013/ 31 March 2014	21,826	37,640	3,757	869	188	2,481	66,761
Accumulated depreciation							
At 1 April 2013	5,148	10,024	-	212	56	2,409	17,849
Charge for the financial year	401	653	-	13	3	8	1,078
At 31 March 2014	**5,549**	**10,677**	**-**	**225**	**59**	**2,417**	**18,927**
Net Carrying Amount							
At 31 March 2014	**16,277**	**26,963**	**3,757**	**644**	**129**	**64**	**47,834**

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

	GROUP	
	2015 RM'000	2014 RM'000
Motor vehicles	**1,629**	242
Plant and machinery	**-**	60
	1,629	302

Net carrying amounts of property, plant and equipment pledged as security for borrowings of a subsidiary (Notes 25 and 26) are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Buildings on leasehold land	**11,716**	12,060
Long term leasehold land	**5,701**	5,772
	17,417	17,832

The short term leasehold land has unexpired lease period of less than 50 years while the long term leasehold land has unexpired lease period of more than 50 years.

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

	GROUP	
	2015 RM'000	2014 RM'000
Additions of property, plant and equipment	**1,808**	1,238
Less: Financed by finance lease arrangement	**(1,227)**	-
	581	1,238

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

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

The Group estimated the recoverable amount of RM8,300,000 using fair value less costs of disposal of the assets, which is based on the depreciated replacement costs method by reference to an independent valuation carried out by a professional valuer. The fair value estimate is within Level 3 of the fair value hierarchy. The key assumptions used in estimating the fair value are the new replacement costs of the assets and the accrued depreciation for age and obsolescence.

12. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
At 1 April 2014/2013	**64,493**	64,493
Additions (Note 30)	**7,816**	-
	72,309	64,493
Less: Accumulated impairment loss	**(43,114)**	(43,114)
	29,195	21,379
Amounts due from subsidiaries	**30,820**	33,125
At 31 March	**60,015**	54,504

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

The details of subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS 2015	2014	PRINCIPAL ACTIVITIES
Yew Lean Foundry & Co. Sdn. Bhd.	Malaysia	**100%**	100%	Manufacturing and trading of ductile iron pipes, fittings and other related products
Yew Li Foundry & Co. Sdn. Bhd.	Malaysia	**100%**	100%	Trading of cast iron fittings, saddles and manhole covers and fabrication of pipes
Logam Utara (M) Sdn. Bhd.	Malaysia	**100%**	100%	Trading of UPVC and ductile iron pipes and fittings, sanitary fittings, brass fittings and related products
Yew Lean Industries Sdn. Bhd.	Malaysia	**100%**	100%	Marketing and distribution of pipes, accessories and related products. The company has ceased operation in 2007 and remain inactive

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST / VOTING RIGHTS		PRINCIPAL ACTIVITIES
		2015	2014	
Laksana Wibawa Sdn. Bhd. *	Malaysia	**51%**	51%	Manufacturing and trading of steel pipes and related products
Haluan Prisma Sdn. Bhd. *	Malaysia	**70%**	-	Construction and project management
MRPI Pipes Sdn. Bhd. *	Malaysia	**70%**	-	Manufacturing and sales of HDPE Pipes & MDPE Pipes
Subsidiary of Yew Lean Foundry & Co. Sdn. Bhd.				
Zenith Eastern (M) Sdn. Bhd.	Malaysia	**100%**	100%	Property investment holding

* Audited by firms of chartered accountants other than Baker Tilly Monteiro Heng

Non-controlling interests ("NCI") in subsidiaries

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

	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000	TOTAL RM'000
2015				
NCI effective ownership interest and voting interest	**49%**	**30%**	**30%**	
Carrying amount of NCI	**467**	**946**	**1,989**	**3,402**
(Loss)/Profit allocated to NCI	**(1,183)**	**101**	**(46)**	**(1,128)**
Total other comprehensive income allocated to NCI	**-**	**-**	**-**	**-**
Total comprehensive (loss)/ income allocated to NCI	**(1,183)**	**101**	**(46)**	**(1,128)**

	LAKSANA WIBAWA SDN. BHD. RM'000	TOTAL RM'000
2014		
NCI effective ownership interest and voting interest	**49%**	
Carrying amount of NCI	**1,650**	**1,650**
Loss allocated to NCI	**47**	**47**
Total other comprehensive income allocated to NCI	**-**	**-**
Total comprehensive loss allocated to NCI	**47**	**47**

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

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

	LAKSANA WIBAWA SDN. BHD. RM'000	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000
2015			
Assets and liabilities			
Non-current assets	40,102	1,826	3,726
Current assets	32,361	26,199	3,397
Non-current liabilities	(2,683)	(53)	-
Current liabilities	(68,827)	(24,822)	(493)
Net assets	953	3,150	6,630
Results			
Revenue	38,423	14,149	1,537
(Loss)/Profit for the financial year	(2,413)	335	(152)
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	(2,413)	335	(152)
Cash flows from/(used in):			
- operating activities	3,339	45	(206)
- investing activities	(81)	(118)	15,017
- financing activities	(2,973)	(36)	(15,609)
Net increase/(decrease) in cash and cash equivalents	285	(109)	(798)
Dividend paid to NCI	-	-	-

	LAKSANA WIBAWA SDN. BHD. RM'000
2014	
Assets and liabilities	
Non-current assets	42,616
Current assets	23,807
Non-current liabilities	(7,308)
Current liabilities	(55,774)
Net assets	3,341
Results	
Revenue	68,668
Profit for the financial year	97
Other comprehensive income	-
Total comprehensive income for the financial year	97
Cash flows from/(used in):	
- operating activities	11,639
- investing activities	(34)
- financing activities	(9,872)
Net increase in cash and cash equivalents	1,733
Dividend paid to NCI	-

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

13 INVESTMENT IN A JOINT VENTURE

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Unquoted shares, at cost	**-***	-*	**-***	-*
Share of post-acquisition reserves	**5,243**	3,116	**-**	-
	5,243	3,116	**-**	-
Amount due from joint venture	**8,065**	8,065	**8,065**	8,065
	13,308	11,181	**8,065**	8,065

* The cost of investment in a joint venture as at 31 March 2015 and 31 March 2014 is RM141.

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

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

The details of joint venture is as follow:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST/ VOTING RIGHTS 2015	2014	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 firms of chartered accountants other than Baker Tilly Monteiro Heng

The financial statements of the above joint venture has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the audited financial statements of the joint venture for the financial year ended 31 December and the management financial statements for the financial period ended 31 March 2015 and 31 March 2014 have been used.

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

	GROUP	
	2015 RM'000	**2014 RM'000**
Assets and liabilities		
Non-current assets	**26,903**	24,778
Current assets	**11,764**	7,551
Current liabilities	**(24,496)**	(23,908)
Net assets	**14,171**	8,421

13 INVESTMENT IN A JOINT VENTURE (CONT'D)

Included in the assets and liabilities are:

	GROUP	
	2015 RM'000	2014 RM'000
Cash and cash equivalents	**9,246**	6,271
Current financial liabilities (excluding trade and other payables and provision)	**20**	19

	GROUP	
	2015 RM'000	2014 RM'000
Results		
Revenue	**6,848**	5,649
Depreciation	**1,141**	1,169
Interest expense	**138**	-
Income tax expense	**19**	19
Profit for the financial year	**1,282**	770
Other comprehensive income	**4,468**	1,718
Total comprehensive income for the financial year	**5,750**	2,488

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

	GROUP	
	2015 RM'000	2014 RM'000
Group's share of net assets	**5,243**	3,116
Share of results by the Group for the financial year	**474**	285

Significant restrictions

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

14 INTANGIBLE ASSETS

	GROUP	
	2015 RM'000	2014 RM'000
(i) Goodwill on business combination		
At cost		
At 1 April 2014/2013	**-**	-
In respect of acquisition of a subsidiary (Note 30)	**1,626**	-
At 31 March	**1,626**	-
(ii) Other intangible asset – construction contracts		
At cost		
At 1 April 2014/2013	**-**	-
In respect of acquisition of a subsidiary (Note 30)	**266**	-
At 31 March	**266**	-
Total intangible assets	**1,892**	-

14 INTANGIBLE ASSETS (CONT'D)

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

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

Key assumptions used for value-in-use calculations:

	2015 %	2014 %
Budgeted gross margin	**5**	N/A
Growth rate [1]	**5**	N/A
Discount rate [2]	**7**	N/A

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

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

No impairment loss was required for the goodwill assessed as its recoverable amount was in excess of its carrying amount.

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

15 TRADE RECEIVABLES

	GROUP	
	2015 RM'000	**2014 RM'000**
Non-current		
Trade receivables	**-**	152
Less: Allowance for impairment loss	**-**	(15)
	-	137
Current		
Trade receivables	**66,892**	40,503
Retention sums	**12,605**	-
Less: Allowance for impairment loss	**(3,918)**	(1,553)
	75,579	38,950
	75,579	39,087

<u>**Non-current trade receivables**</u>

All non-current receivables are expected to be recovered within two years from the end of the reporting period. As at 31 March 2014, the fair value of non-current trade receivables is determined based on expected future cash flows discounted using the discount rate of 8%, which approximates the commercial borrowing rate. The fair value is within level 2 of the fair value hierarchy.

(a) Credit term of trade receivables

The Group's normal trade credit term extended to customers ranges from 30 to 90 days (2014: 30 to 90 days).

15 TRADE RECEIVABLES (CONT'D)

Non-current trade receivables (cont'd)

(b) Ageing analysis of trade receivables

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

	GROUP	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	**43,162**	13,542
1 to 30 days past due but not impaired	**7,931**	4,723
31 to 60 days past due but not impaired	**7,481**	3,470
61 to 90 days past due but not impaired	**3,524**	7,826
91 to 180 days past due but not impaired	**13,301**	3,602
More than 181 days past due but not impaired	**180**	5,924
	32,417	25,545
Impaired	**3,918**	1,568
	79,497	40,655

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables amounting to RM32,416,976 (2014: RM25,545,604) which are past due but not impaired because the customers are with no history of default and, in the opinion of the management, the amounts are still considered recoverable within the next twelve months. These trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

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

	GROUP	
	2015 RM'000	2014 RM'000
At 1 April 2014/2013	**1,568**	1,269
In respect of acquisition of subsidiaries	**2,392**	-
Charge for the financial year (Note 7)	**-**	299
Reversal of impairment loss (Note 7)	**(42)**	-
At 31 March	**3,918**	1,568

As at 31 March 2015, the Group's trade receivables of RM3,918,079 (2014: RM1,705,074) were subject to impairment. Out of the total trade receivables which were subject to impairment, RM3,918,079 (2014: RM1,553,090) were fully impaired whereas RM Nil (2014: RM15,174) 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. These receivables are not secured by any collateral or credit enhancements.

16 INVENTORIES

	GROUP	
	2015 RM'000	**2014 RM'000**
At cost:		
Raw materials	**5,580**	6,775
Work in progress	**2,278**	1,904
Finished goods	**28,247**	32,876
	36,105	41,555

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM101,155,088 (2014: RM115,529,807).

17 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Other receivables	**383**	247	**55**	55
Deposits	**1,039**	505	**7**	9
Prepayments	**472**	84	**-**	-
Amounts due from subsidiaries	**-**	-	**405**	60
Amounts due from a joint venture	**83**	83	**-**	-
	1,977	919	**467**	124

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

18 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deposits with licensed banks	**18,772**	14,893	**3,000**	3,000
Cash and bank balances	**8,942**	6,431	**32**	16
	27,714	21,324	**3,032**	3,016
Less: Bank overdrafts (Note 26)	**(2,589)**	(2,195)	**-**	-
Bank balances and deposits pledged for credit facilities	**(1,503)**	(1,966)	**-**	-
	23,622	17,163	**3,032**	3,016

The deposits with licensed banks of the Group and of the Company bear effective interest at rates ranging from 2.95% to 3.45% (2014: 2.65% to 3.30%) and 3.35% (2014: 3.20%) per annum respectively with weighted average maturity period of 60 days (2014: 59 days) and 7 days (2014: 7 days) respectively.

19 SHARE CAPITAL AND TREASURY SHARES

	GROUP/COMPANY			
	2015		2014	
	NUMBER OF SHARES '000	AMOUNT RM'000	NUMBER OF SHARES '000	AMOUNT RM'000
Ordinary shares of RM1.00 each				
Authorised				
At 1 April 2014/2013/31 March	**500,000**	**500,000**	500,000	500,000
Issued and fully paid				
At 1 April 2014/2013	**98,560**	**98,560**	98,560	98,560
Issued during the financial year	**2,901**	**2,901**	-	-
At 31 March	**101,461**	**101,461**	98,560	98,560
Ordinary shares of RM1.00 each				
Treasury shares				
At 1 April 2014/2013/31 March	**121**	**108**	121	108

(a) Share capital

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

During the financial year, the following issues of shares were made by the Company:

(i) 1,046,338 new ordinary shares of RM1.00 each at an issue price of RM1.00 each per ordinary share to satisfy part of the purchase consideration for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. pursuant to a sale and purchase agreement dated 7 August 2014. For the purpose of accounting for the shares consideration, the fair value of RM0.785 per ordinary share as at the date of completion was recorded instead of issue price of RM1.00 per ordinary share; and

(ii) 1,854,489 new ordinary shares of RM1.00 each at an issue price of RM1.00 each per ordinary share to satisfy part of the purchase consideration for the acquisition of the 70% equity interest in MRPI Pipes Sdn. Bhd. pursuant to a sale and purchase agreement dated 7 August 2014. For the purpose of accounting for the shares consideration, the fair value of RM0.740 per ordinary share as at the date of completion was recorded instead of issue price of RM1.00 per ordinary share.

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

(b) Treasury shares

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

There were no treasury shares neither purchased nor sold during the financial year. The number of treasury shares held at the end of the financial year was 121,000 (2014: 121,000) units.

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

As at 31 March 2015, the number of outstanding shares in issue after setting off treasury shares against equity is 101,339,827 units.

20 RESERVES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
Share premium	**7,208**	7,208	**7,208**	7,208
Capital reserve	**(707)**	-	**(707)**	-
Foreign currency translation reserve	**2,289**	636	**-**	-
Distributable				
Retained earnings/(Accumulated losses)	**44,780**	45,333	**(41,853)**	(40,111)
	53,570	53,177	**(35,352)**	(32,903)

(a) Share premium

The share premium arose from the issue of the Company's shares at a premium.

(b) Capital reserve

Capital reserve represents the shortfall of the fair value of shares consideration over the share capital recorded at RM1.00 par value. During the financial year, 1,046,338 and 1,854,489 new ordinary shares of RM1.00 each were issued at the fair value of RM0.785 per ordinary shares and RM0.740 per ordinary share respectively to satisfy part of the purchase consideration for the acquisition of the 70% equity interest in Haluan Prisma Sdn. Bhd. and MRPI Pipes Sdn. Bhd. respectively.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

(d) Retained earnings

The Finance Act 2007 introduced a single-tier company income tax system with effect from year of assessment 2008. The Company may distribute dividends out of its entire retained earnings under the single-tier system.

21 DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April 2014/2013	**6,379**	6,858	**-**	(82)
In respect of acquisition of subsidiaries (Note 30)	**16**	-	**-**	-
Recognised in profit or loss (Note 9)	**(385)**	(479)	**-**	82
At 31 March	**6,010**	6,379	**-**	-

21 DEFERRED TAX LIABILITIES (CONT'D)

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	**(882)**	(12)	**-**	-
Unabsorbed capital allowances	**(552)**	-	**-**	-
Deductible temporary differences in respect of expenses	**(204)**	(68)	**-**	-
Difference between the carrying amounts of property, plant and equipment and their tax base	**7,648**	6,459	**-**	-
	6,010	6,379	**-**	-

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	**5,221**	4,512	**-**	-
Unutilised tax losses	**25,540**	14,256	**1,152**	709
	30,761	18,768	**1,152**	709

22 TRADE PAYABLES

	GROUP	
	2015 RM'000	2014 RM'000
External parties	**45,815**	10,071

The normal trade credit term granted by the suppliers to the Group ranges from 30 to 90 days (2014: 30 to 90 days).

Included in the trade payables are retention sums amounting to RM9,212,317 (2014: RM Nil).

23 OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	**1,254**	3,593	**201**	-
Accruals	**2,170**	1,484	**115**	120
Amount due to subsidiaries	**-**	-	**-**	42
Advances received from customers	**1,811**	1,700	**-**	-
	5,235	6,777	**316**	162

Amount due to subsidiaries consist of advances and recoverable expenses which are unsecured, interest free and repayable on demand in cash.

24 AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	GROUP	
	2015 RM'000	2014 RM'000
Cost incurred to date	**213,874**	-
Add: Attributable profits	**10,298**	-
	224,172	-
Less: Progress billings	**224,337**	-
	(165)	-
Amount due from customers for contract works	**379**	-
Amount due to customers for contract works	**(544)**	-
	(165)	-

25 TERM LOANS

	GROUP	
	2015 RM'000	2014 RM'000
Secured		
Repayable within12 months	**4,621**	4,236
Repayable after 12 months	**2,308**	6,924
	6,929	11,160
The term loan is repayable as follows:		
Within 12 months	**4,621**	4,236
More than 1 year but up to 2 years	**2,308**	4,616
More than 2 year but up to 5 years	**-**	2,308
	6,929	11,160

The term loans of the Group are secured by:

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

The term loans bear interest at an interest rate of 7.85% (2014: 7.85%) per annum.

26 OTHER BANK BORROWINGS

	GROUP	
	2015 RM'000	2014 RM'000
Secured		
Bank overdraft	**2,589**	2,195
Banker's acceptances	**4,496**	8,545
Trust receipts	**10,338**	3,844
Revolving credit	**2,000**	2,000
	19,423	16,584

Included in trust receipts is an amount of RM6,097,251 (2014: RM1,522,868) denominated in United States Dollar.

The other bank borrowings of the Group are secured by:

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

The other bank borrowings bear interest at rates range from 1.40% to 8.10% (2014: 1.75% to 8.10%) per annum.

27 FINANCE LEASE PAYABLES

	GROUP	
	2015 RM'000	2014 RM'000
Future minimum lease payments	**1,431**	315
Less: Future finance charges	**(189)**	(44)
Total present value of minimum lease payments	**1,242**	271
Payable within one year		
Future minimum lease payments	**275**	167
Less: Future finance charges	**(39)**	(20)
Present value of minimum lease payments	**236**	147
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	**929**	148
Less: Future finance charges	**(141)**	(24)
Present value of minimum lease payments	**788**	124
Payable later than 5 years		
Future minimum lease payments	**227**	-
Less: Future finance charges	**(9)**	-
Present value of minimum lease payments	**218**	-
Total present value of minimum lease payment	**1,242**	271

The finance lease payables of the Group bear effective interest rates ranging from 2.43% to 8.81% (2014: 4.33% to 8.81%) per annum.

28 CAPITAL COMMITMENTS

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

	GROUP	
	2015 RM'000	2014 RM'000
Approved and contracted for	**3,051**	3,351
Approved but not contracted for	**13,327**	13,327

29 FINANCIAL GUARANTEE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Corporate guarantee granted to financial institutions for banking facilities granted to its subsidiaries and a joint venture				
- total banking facilities	**1 ,370**	1,208	**53,409**	55,733
- total utilised	**-**	-	**29,022**	29,186

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

30 ACQUISITION OF SUBSIDIARIES

On 26 January 2015, the Company completed the acquisition of 525,000 ordinary shares of RM1.00 each in Haluan Prisma Sdn. Bhd. (HPSB"), representing 70% equity interest in HPSB, for a purchase consideration of RM1,162,598 to be settled via a cash consideration of RM116,260 and issuance of 1,046,338 new ordinary shares of RM1.00 each in the Company. For the purpose of accounting for the shares consideration, the fair value of RM0.785 per ordinary share as at the date of completion was recorded instead of issue price of RM1.00 per ordinary share. From the acquisition date, the subsidiary contributed revenue of RM14,148,807 and profit of RM334,681 for the financial year ended 31 March 2015.

On 11 February 2015, the Company completed the acquisition of 2,130,800 ordinary shares of RM1.00 each in MRPI Pipes Sdn. Bhd. ("MPipes"), representing 70% equity interest in MPipes, for a purchase consideration of RM5,393,877 to be settled via a cash consideration of RM539,388 and issuance of 4,854,489 new ordinary shares of RM1.00 each in the Company (consideration shares), of which 1,854,489 new ordinary shares of RM1.00 each in the Company were issued on the date of completion and the remaining consideration shares will be settled by the issuance of up to 3,000,000 ordinary shares of RM1.00 each in the Company. For the purpose of accounting for the shares consideration, the fair value of RM0.740 per ordinary share as at the date of completion was recorded instead of issue price of RM1.00 per ordinary share. From the acquisition date, the subsidiary contributed revenue of RM1,536,904 and loss of RM152,394 for the financial year ended 31 March 2015.

If the acquisitions of both the companies had taken place at the beginning of the financial year i.e. 1 April 2014, the Group revenue would have been RM185,275,933 and the Group's profit after tax would have been RM1,830,650.

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

The following summarises the consideration transferred and the recognised amounts of identifiable assets acquired and liabilities assumed respectively at the acquisition date:

Fair value of consideration

	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000	TOTAL RM'000
Cash and cash equivalents	116	539	655
Issuance of ordinary shares	822	1,372	2,194
Contingent consideration payables	2,747	2,220	4,967
	3,685	4,131	7,816

Contingent consideration

In the acquisitions of HPSB and MPipes, the Company have entered into Sales and Purchase Agreements that contain contingent consideration as follow:

HPSB – Earn-Out Incentive

Earn-Out Incentive of up to RM3.5 million to be settled by cash or issuance of up to 3,500,000 new shares in the Company ("Earn-Out Shares") at an issue price of RM1.00 per share ("Earn-Out Incentive) is offered to the HPSB vendor, Ahmad Hadli bin Mohamed who holds the remaining 30% of the issued and paid-up share capital of HPSB after the acquisition. The Earn-Out Incentive shall be determined by the aggregate amount of actual net profit after tax achieved by HPSB of at least 50% of RM1,075,182 and RM2,342,336 during the financial years ended/ending 31 March 2015 and 31 March 2016 ("Earn-Out Period") respectively.

MPipes - Profit Guarantee

MPipes vendor, Jalur Cahaya Sdn. Bhd. guarantees to the Company that MPipes will achieve an aggregate net profit after tax of RM3.0 million ("Profit Guarantee") within a period of 5 financial years commencing from financial year ending 31 March 2016 ("Profit Guarantee Period"). The issuance of 3,000,000 new shares in the Company is withheld and to be paid to the vendor at the end of the Profit Guarantee Period or at the end of any such earlier financial year subject to the fulfilment of the Profit Guarantee.

As at the acquisition date, the fair value of the contingent consideration was estimated to be RM4,967,500 and recognised as contingent consideration payable. The fair value is determined using the closing share price of the Company shares. The closing share price on the acquisition date have not been adjusted as it is assumed that no dividends will be paid by the Company during the Earn-Out Period and Profit Guarantee Period.

30 ACQUISITION OF SUBSIDIARIES (CONT'D)

Effect of Acquisition of Subsidiaries, Net of Cash Acquired

The fair value of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:

	HALUAN PRISMA SDN. BHD. RM'000	MRPI PIPES SDN. BHD. RM'000	TOTAL RM'000
Property, plant and equipment	1,336	3,564	4,900
Intangible assets	266	-	266
Inventories	-	1,349	1,349
Trade receivables	15,473	751	16,224
Other receivables, deposits and prepayments	1,053	1,007	2,060
Tax refundable/(payables)	(96)	4	(92)
Cash and cash equivalents	3,007	343	3,350
Deferred tax liabilities	(16)	-	(16)
Trade payables	(18,051)	(64)	(18,115)
Other payables and accruals	(3)	(286)	(289)
Borrowings	(66)	-	(66)
Net identifiable assets acquired and liabilities assumed	2,903	6,668	9,571
Non-controlling interests	(844)	(2,036)	(2,880)
Equity attributable to owners of the Company	2,059	4,632	6,691
Add/(Less): Goodwill on business combination/ (Bargain purchase)	1,626	(501)	1,125
Total purchase consideration	3,685	4,131	7,816
Less: Contingent consideration payables	(2,747)	(2,220)	(4,967)
Less: Issuance of ordinary shares	(822)	(1,372)	(2,194)
Consideration paid, satisfied in cash	116	539	655
Cash and cash equivalents acquired	(3,007)	(343)	(3,350)
Acquisition of subsidiaries, net of cash acquired	(2,891)	196	(2,695)

Transaction costs related to the above acquisitions of RM652,715 had been recognised in profit or loss as administrative expenses of the Group and of the Company during the financial year.

The goodwill of RM1,625,625 is attributable to the expected synergies arising from acquisition.

31 RELATED PARTY DISCLOSURES

(a) Identity of related party

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

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

31 RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions and balances

	GROUP	
	2015 RM'000	2014 RM'000
Significant transaction with corporate shareholder of a subsidiary		
Rental paid/payable	**90**	-

	COMPANY	
	2015 RM'000	2014 RM'000
Significant transaction with its subsidiaries:		
Management fee received/receivable	**110**	110

Information on related parties balances are disclosed in Notes 15, 17, 22 and 23.

(c) Compensation of key management personnel

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

The remuneration of the key management personnel is as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fees, salaries and other employee benefits	**1,258**	1,005	**34**	34
Contribution to defined contribution plans	**173**	132	**-**	-
Estimated monetary value of benefits-in-kind	**79**	113	**-**	-
	1,510	1,250	**34**	34

32 SEGMENT INFORMATION

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

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

32 SEGMENT INFORMATION (CONT'D)

Segment revenue and results

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

Segment assets and liabilities

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

Geographical information

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

Information about major customers

During the financial year, there is no single customer with revenue equal or more than 10% of the Group's revenue. In the previous financial year, revenue amounting to approximately RM58,678,000, which is more than 10% of the total revenue of the Group is derived from transactions with two external customers reported under the manufacturing and trading segment.

	GROUP			
	MANUFACTURING AND TRADING RM'000	WATER TREATMENT OPERATION RM'000	CONSTRUCTION RM'000	TOTAL RM'000
2015				
REVENUE				
Total segment revenue	110,292	-	14,149	124,441
RESULTS				
Reportable segment (loss)/profit	(2,180)	474	455	(1,251)
NET ASSETS				
Total segment assets	213,674	13,308	21,914	248,896
Total segment liabilities	65,755	-	24,816	90,571
Net assets - Segment	147,919	13,308	(2,902)	158,325
OTHER INFORMATION				
Interest income	540	-	-	540
Capital expenditures (including additions arising from business combinations)	(5,399)	-	(1,309)	(6,708)
Interest expenses	(1,653)	-	(1)	(1,654)
Depreciation on property, plant and equipment	(5,616)	-	(21)	(5,637)

32 SEGMENT INFORMATION (CONT'D)

	GROUP		
	MANUFACTURING AND TRADING RM'000	WATER TREATMENT OPERATION RM'000	TOTAL RM'000
2014			
REVENUE			
Total segment revenue	128,257	-	128,257
RESULTS			
Reportable segment profit	963	285	1,248
NET ASSETS			
Total segment assets	193,725	11,181	204,906
Total segment liabilities	51,627	-	51,627
Net assets - Segment	142,098	11,181	153,279
OTHER INFORMATION			
Interest income	518	-	518
Capital expenditures	(1,238)	-	(1,238)
Interest expenses	(2,403)	-	(2,403)
Depreciation on property, plant and equipment	(5,661)	-	(5,661)
Impairment loss on property, plant and equipment	(586)	-	(586)
Impairment loss on trade receivables	(299)	-	(299)

33 CATEGORIES OF FINANCIAL INSTRUMENTS

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and receivables				
Trade receivables	**75,579**	39,087	**-**	-
Other receivables and deposits	**1,505**	835	**467**	124
Amount due from customers for contract works	**379**	-	**-**	-
Deposits with licensed banks	**18,772**	14,893	**3,000**	3,000
Cash and bank balances	**8,942**	6,431	**32**	16
Total financial assets	**105,177**	61,246	**3,499**	3,140
Financial liabilities at amortised costs				
Trade payables	**45,815**	10,071	**-**	-
Other payables and accruals	**3,424**	5,077	**316**	162
Term loans	**6,929**	11,160	**-**	-
Finance lease payable	**1,242**	271	**-**	-
Other bank borrowings	**19,423**	16,584	**-**	-
Total financial liabilities	**76,833**	43,163	**316**	162
Financial liability at fair value through profit or loss				
Contingent consideration payables	**5,265**	-	**5,265**	-

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Interest rate risk

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

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

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

Borrowings at floating rate amounting to RM9,518,049 (2014: RM13,356,021) expose the Group to cash flow interest rate risk whilst borrowings at fixed rate amounting to RM18,077,108 (2014: RM14,659,850), expose the Group to fair value interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if market interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's (loss)/profit after tax for the financial year would increase or decrease (2014: decrease or increase) by RM71,385 (2014: RM100,170), arising mainly as a result of higher/lower interest expenses on floating rate borrowings.

(b) Credit risk

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

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

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

Exposure to credit risk

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

The Group and the Company have no significant concentration of credit risk other than approximately 12% (2014: 50%) of the trade receivables balance of the Group relate to 3 (2014: 4) major customers. The Group's historical records in the collection of trade receivables fall within the allowed credit limits or recorded allowance. The Group manages credit risk from trade and other receivables through ongoing debt collection, account and credit limits are monitored regularly as well as ensuring that letters of credit and bank guarantees, if applicable, are issued from renowned financial institutions. Due to these factors, the directors believe that there is no further credit risk beyond the allowance for impairment loss on receivables already made by the Group.

Financial guarantee

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

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

The maximum exposure to credit risk amounts to RM24,386,611 (2014: RM26,546,922) representing the outstanding banking facilities of the subsidiaries at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

(c) Liquidity risk

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

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

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

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

2015	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 2 YEARS RM'000	2 TO 5 YEARS RM'000	OVER 5 YEARS RM'000
Group						
Contingent consideration payables	**5,265**	**5,265**	**-**	**2,835**	**-**	**2,430**
Payables and accruals	**49,239**	**49,239**	**49,239**	**-**	**-**	**-**
Borrowings	**27,594**	**28,217**	**27,008**	**322**	**660**	**227**
	82,098	**82,721**	**76,247**	**3,157**	**660**	**2,657**
2014						
Group						
Payables and accruals	15,148	15,148	15,148	-	-	-
Borrowings	28,015	29,163	21,657	5,145	2,361	-
	43,163	44,311	36,805	5,145	2,361	-

2015	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	1 TO 2 YEARS RM'000	2 TO 5 YEARS RM'000	OVER 5 YEARS RM'000
Company						
Contingent consideration payables	**5,265**	**5,265**	**-**	**2,835**	**-**	**2,430**
Payables and accruals	**316**	**316**	**316**	**-**	**-**	**-**
Financial guarantee contracts *	**29,022**	**29,022**	**29,022**	**-**	**-**	**-**
	34,603	**34,603**	**29,338**	**2,835**	**-**	**2,430**
2014						
Company						
Payables and accruals	162	162	162	-	-	-
Financial guarantee contracts *	29,186	29,186	29,186	-	-	-
	29,348	29,348	29,348	-	-	-

* The Company has given corporate guarantee to banks on behalf of certain subsidiaries and a joint venture for banking facilities. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities being utilised by the said subsidiaries and the said joint venture. As at 31 March 2015, approximately RM29,022,389 (2014: RM29,186,078) of the banking facilities were utilised by the said subsidiaries.

(d) Foreign currency risk

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

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

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

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

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.

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

	USD RM'000	SGD RM'000	LKR RM'000	TOTAL RM'000
2015				
Financial Assets				
Receivables and deposits	**-**	**1,956**	**7**	**1,963**
Cash and bank balances	**524**	**-**	**304**	**828**
	524	**1,956**	**311**	**2,791**
Financial Liability				
Other bank borrowings	**6,097**	**-**	**-**	**6,097**
Currency exposure on net financial assets/(liabilities)	**(5,573)**	**1,956**	**311**	**(3,306)**
2014				
Financial Assets				
Receivables and deposits	-	1,965	6	1,971
Cash and bank balances	36	554	270	860
	36	2,519	276	2,831
Financial Liability				
Other bank borrowings	1,523	-	-	1,523
Currency exposure on net financial assets/(liabilities)	(1,487)	2,519	276	1,308

Sensitivity analysis for foreign currency risk

The table below demonstrates the sensitivity to a reasonable change in key foreign currency rate with all variables held constant, of the Group's (loss)/profit net of tax ("PAT"):

	GROUP	
	2015 RM'000	2014 RM'000
USD/RM - strengthened 5%	**(209)**	(56)
- weakened 5%	**209**	56
SGD/RM - strengthened 5%	**73**	94
- weakened 5%	**(73)**	(94)

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

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

As at 31 March 2015 and 31 March 2014, there were no forward foreign currency exchange contract.

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(a) Cash and cash equivalents, trade and other receivables and payables

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

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

(b) Borrowings

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

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

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

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

	2015		2014	
GROUP	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
Financial assets				
Non-current trade receivables	-	-	137	137
Financial liabilities				
Term loans	**6,929**	**6,929**	11,160	11,160
Finance lease payables	**1,242**	**1,175**	271	246

36 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 March 2015 and 2014:

Assets/(Liabilities) for which fair values are disclosed:

	FAIR VALUE RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
2015				
Current				
Term loans	**(6,929)**	**-**	**(6,929)**	**-**
Finance lease payables	**(1,175)**	**-**	**(1,175)**	**-**
2014				
Assets				
Non current				
Trade receivables	137	-	137	-
Liabilities				
Term loans	(11,160)	-	(11,160)	-
Finance lease payables	(246)	-	(246)	-

Liabilities carried at fair value:

	FAIR VALUE RM'000	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000
2015				
Non current				
Contingent consideration payables	**(5,265)**	**-**	**-**	**(5,265)**

2014 - Nil

During the financial years ended 31 March 2015 and 2014, there was no transfer between Level 1 and 2 of fair value measurement hierarchy.

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

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

37 CAPITAL MANAGEMENT

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

37 CAPITAL MANAGEMENT (CONT'D)

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

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total borrowings (RM'000)	**27,594**	28,015	**-**	-
Total equity (RM'000)	**158,325**	153,279	**66,001**	65,549
Total capital (RM'000)	**185,919**	181,294	**66,001**	65,549
Gearing ratio (%)	**14.84%**	15.45%	**-**	-

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

38 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company had on 7 August 2014, entered into two (2) conditional sale and purchase agreements ("SPAs") in relation to the Proposed Haluan Prisma Sdn. Bhd. ("HPSB") Acquisition (as defined below) and Proposed MRPI Pipes Sdn. Bhd. ("MPipes") Acquisition (as defined below). Details of the Proposed Acquisitions (as defined below) are set out as follows:

(i) Proposed acquisition of 525,000 ordinary shares of RM1.00 each in HPSB, representing 70% equity interest in HPSB, for a purchase consideration of RM1,162,598 ("HPSB Purchase Consideration") from Ahmad Hadli Bin Mohamed ("Ahmad Hadli"), Shah Razak Bin Mohamad and Marliza Binti Mohd Zamedin ("Proposed HPSB Acquisition") to be satisfied in the following manner:

  (a) cash consideration of RM116,260, representing 10% of the HPSB Purchase Consideration; and

  (b) issuance of 1,046,338 new ordinary shares of RM1.00 each in the Company ("YLI Shares"), representing 90% of the HPSB Purchase Consideration, in favour of the HPSB Vendors at an issue price of RM1.00 per YLI Share ("HPSB Consideration Shares"); and

(ii) Proposed acquisition of 2,130,800 ordinary shares of RM1.00 each in MPipes ("MPipes Sale Shares"), representing 70% equity interest in MPipes, for a purchase consideration of RM5,393,877 ("MPipes Purchase Consideration") from Jalur Cahaya Sdn. Bhd. ("MPipes Vendor") ("Proposed MPipes Acquisition") to be satisfied in the following manner:

  (a) cash consideration of RM539,388 ("MPipes Deposit"), representing 10% of the MPipes Purchase Consideration;

  (b) issuance of up to 1,854,489 new YLI Shares in favour of the MPipes Vendor at an issue price of RM1.00 per YLI Share; and

  (c) up to 3,000,000 new YLI shares to be withheld and paid to MPipes Vendor at the end of the Profit Guarantee Period or at the end of any such earlier financial year subject to the fulfilment of the MPipes Profit Guarantee.

(The Proposed HPSB Acquisition and Proposed MPipes Acquisition shall collectively be defined as the "Proposed Acquisitions". The HPSB Consideration Shares and MPipes Consideration Shares shall be defined as the "Consideration Shares")

38 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

In addition to the HPSB Purchase Consideration, Ahmad Hadli, who will hold the remaining 30% equity interest in HPSB after the completion of the Proposed HPSB Acquisition, shall be entitled to an earn-out incentive of up to RM3.5 million ("Earn-Out Incentive"), subject to HPSB achieving a net profit after taxation of at least 50% of RM1,075,182 and RM2,342,336 for the respective financial years during the financial years ending ("FYE") 31 March 2015 and FYE 31 March 2016 respectively. The Earn-Out Incentive, if any, will be settled by cash or via the issuance of up to 3,500,000 new YLI Shares at the issue price of RM1.00 per YLI Share ("Earn-Out Incentive Shares") at the option of the Company.

The MPipes Vendor guarantees to the Company that MPipes will achieve an aggregate net profit after tax of RM3.0 million within the Profit Guarantee Period of 5 years, based on the audited financial statements of MPipes during the Profit Guarantee Period.

The above proposed acquisition of HPSB and MPipes were completed on 26 January 2015 and 11 February 2015 respectively.

39 COMPARATIVE FIGURES

The comparative figures were audited by another firm of chartered accountants other than Baker Tilly Monteiro Heng.

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

The following analysis of realised and unrealised retained earnings or accumulated losses of the Group and of the Company at 31 March 2015 and 31 March 2014 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants.

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

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- realised	**19,271**	16,427	**(41,853)**	(40,111)
- unrealised	**(161)**	(672)	**-**	-
	19,110	15,755	**(41,853)**	(40,111)
Total share of retained earnings from joint venture				
- realised	**2,954**	2,410	**-**	-
- unrealised	**-**	70	**-**	-
	2,954	2,480	**-**	-
Add: Consolidation adjustments	**22,716**	27,098	**-**	-
Total retained earnings/(accumulated losses) as per statements of financial position	**44,780**	45,333	**(41,853)**	(40,111)

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

PROPERTIES OF THE GROUP

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2015 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	1,219	N/A	1 November 1994
	Main factory	76,100 sq. ft.	3,286	32	
	Machine workshop	3,200 sq. ft.		24	
	Canteen	2,050 sq. ft.		19	
	Office building	7,949 sq. ft.		19	
2462 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	3,782	N/A	10 September 1999
	Factory Building	60,702 sq. ft.	4,064	15	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	2,004	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,227	24	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	1,480	N/A	6 May 2004
	Factory Building	24,208 sq. ft.	1,165	25	
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		14	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	5,735	N/A	30 March 2009
	Factory Building	12,689 sq. metres	13,205	14	29 August 2008
	Office Building	460 sq. metres			
OFFICE CUM WORKSHOP					
51, Jalan Layang-Layang 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Land (Freehold)	7,201 sq. ft.	750	N/A	26 May 1997
	1 1/2 storey semi-detached factory erected on it		458	18	

	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2015 RM'000	APPROXIMATE AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
WAREHOUSE					
No. 2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai Pulau Pinang	Land (Leasehold expiring 09.05.2051)	3.25 acres	2,505	N/A	22 June 1996
	Single storey building used as a warehouse with a small section as office	10,744 sq. ft.	1,526	19	
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	128	19	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.	240	19	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		95	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)	35	N/A	16 September 2002
No. 45, Taman Subang Impian Seksyen U5 40150 Shah Alam, Selangor	Three Storey Shop Office	5,280 sq. ft.	1,101	2	18 April 2013
Lot 530, Tile no. GM 344, Mukim Batang Kali, District of Hulu Selangor	Vacant Industrial Land	18,211 sq. metres	1,960	N/A	14 April 2015

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2015

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	:	RM101,339,827 *
Number of Holders	:	2,161

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 31 JULY 2015

NO. OF HOLDERS	SIZE OF HOLDINGS	TOTAL HOLDINGS	% OF TOTAL ISSUED CAPITAL *
23	less than 100 shares	630	0.00
257	100 to 1,000 shares	209,668	0.21
1,277	1,001 to 10,000 shares	5,894,132	5.81
495	10,001 to 100,000 shares	17,219,341	16.99
107	100,001 to less than 5% of issued shares	39,135,756	38.62
2	5% and above of issued shares	38,880,300	38.37
2,161		**101,339,827**	**100.00**

* The issued and paid-up capital is as per Record of Depositors as at 31 July 2015 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 2015

	NAME	SHAREHOLDINGS	% OF TOTAL ISSUED CAPITAL
1	SUASANA KARISMA SDN BHD	29,568,000	29.18
2	LEMBAGA TABUNG HAJI	9,312,300	9.19
3	BLESSPLUS SDN. BHD.	3,517,100	3.47
4	JB-CITY ALLOY INDUSTRIES SDN. BHD.	3,501,500	3.46
5	JALUR CAHAYA SDN BHD	2,942,089	2.90
6	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH HOCK ANG	2,336,300	2.31
7	NUSMAKMUR DEVELOPMENT SDN BHD	1,899,984	1.87
8	SHANNON ONG KIAN KEONG	1,230,000	1.21
9	SULTAN IDRIS SHAH	1,127,200	1.11
10	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	1,037,900	1.02
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHD NAZASLI BIN ABDUL AZIZ (MY1484)	690,000	0.68
12	WANG HSUEH YING	526,000	0.52

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 JULY 2015 (CONT'D)

	NAME	SHAREHOLDINGS	% OF TOTAL ISSUED CAPITAL
13	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (PWM TEMPATAN)	519,900	0.51
14	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEE MENG (REM 872)	517,400	0.51
15	HSBC NOMINEES (ASING) SDN BHD COUTTS & CO LTD SG FOR BEADLE GROUP LIMITED	500,000	0.49
16	SIM KAH HOON	463,900	0.46
17	TEH AH ENG	455,989	0.45
18	HOO WAN FATT	414,200	0.41
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALIM CASSIM	404,500	0.40
20	NG HAY LIAN	388,300	0.38
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LYE HA NOOU @ LAI CHOW MOOI (M09)	380,000	0.37
22	LIM CHEE MENG	364,200	0.36
23	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BSI SA (BSI BK SG-NR)	360,000	0.36
24	LEONG CHEE HOK	335,000	0.33
25	KONG LIENG TEE	330,000	0.33
26	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	323,400	0.32
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW ONG (L GARDEN-CL)	323,200	0.32
28	GOH YOKE CHOO	303,300	0.30
29	CHENG YOONG CHOONG	300,000	0.30
30	TEH KHENG HOE	295,500	0.29
	TOTAL	**64,667,162**	**63.81**

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2015

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 31 July 2015 are as follows:-

	NO. OF SHARES			
NAME OF SHAREHOLDERS	DIRECT	%#	INDIRECT	%#
Suasana Karisma Sdn. Bhd.	29,568,000	29.18	-	-
Dato' Hj Samsuri bin Rahmat	-	-	29,568,000*	29.18
Ali Sabri bin Ahmad	-	-	29,568,000*	29.18

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 31 July 2015.

* 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 2015 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*	29.18
Ali Sabri bin Ahmad	-	-	29,568,000*	29.18
Haji Ab Gani bin Haron	-	-	-	-
Mohammad Khayat bin Idris	-	-	-	-
Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin	-	-	-	-
Seah Heng Chin	-	-	-	-

\# Excluding a total of 121,000 YLI Holdings Berhad ("YLI") shares bought-back by YLI and retained as treasury shares as at 31 July 2015.

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

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of **YLI Holdings Berhad** will be held at the Concorde I, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 September 2015 at 11.30 a.m.

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2015 together with the Reports of the Directors and Auditors thereon.	Please refer to Note A

AS ORDINARY BUSINESS

2.	To re-elect Mr Seah Heng Chin who retires in accordance with Article 86 of the Company's Articles of Association.	(Resolution 1)
3.	To re-appoint YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin who retires in accordance with Section 129(6) of the Companies Act, 1965.	(Resolution 2)
4.	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to determine their remuneration.	(Resolution 3)

AS SPECIAL BUSINESS

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

Ordinary Resolutions

5.	To approve the Directors' fees of RM75,000 for the financial year ended 31 March 2015.	(Resolution 4)
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 5)

"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 any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject further to the following:-

(i) the 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 2015;

(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

Ordinary Resolutions (continued)

(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 6)

"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: 28 August 2015

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 No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.

8. Only members registered in the Record of Depositors as at 22 September 2015 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 – To approve the Directors' fees of RM75,000 for the financial year ended 31 March 2015**

   The proposed Ordinary Resolution 4, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2015 amounting to RM75,000.

2. **Resolution 5 – 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 5, 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 28 August 2015.

3. **Resolution 6 – Approval for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965**

   The general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. This Mandate will expire on 29 September 2015. A renewal of this authority is being sought at the Twentieth AGM.

   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 6, 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

(1) 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.

(2) PURSUANT TO PARAGRAPH 6.03(3) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The general mandate for issue of shares ("the Mandate") was sought for in the preceding year and the Board did not carry out the Mandate since the Annual General Meeting ("AGM") of the Company until the latest practicable date before the printing of this Annual Report. This Mandate will expire on 29 September 2015. A renewal of this authority is being sought at the Twentieth AGM.

The Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for the purpose of funding further investment project(s), working capital and/or acquisition.

YLI HOLDINGS BERHAD
(Co. No. 367249-A) (Incorporated in Malaysia)

PROXY FORM

CDS account no. of authorised nominee

I/We ____ (name of shareholder as per NRIC, in capital letters) NRIC No. ____________________ (new) __________________ (old)/ID No./Company No. ___________________ of ____ (full address) being a member(s) of the abovenamed Company, hereby appoint ________________________________ (name of proxy as per NRIC, in capital letters) NRIC No. ____________________ (new) _____________________ (old) or failing him/her ____ (name of proxy as per NRIC, in capital letters) NRIC No. ____________________ (new) __________________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at the Concorde I, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 29 September 2015 at 11.30 a.m. and at any adjournment thereof.

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

RESOLUTIONS		FOR	AGAINST
Resolution 1	- Re-election of Mr Seah Heng Chin		
Resolution 2	- Re-appointment of YBhg Tan Sri Academician Ir (Dr) Ahmad Zaidee bin Laidin		
Resolution 3	- Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors and to authorise the Directors to determine their remuneration		
Resolution 4	- Approval of Directors' fees		
Resolution 5	- 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 6	- 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 ……………............……… 2015

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 No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time set for the meeting.
6. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
7. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
8. Only members registered in the Record of Depositors as at 22 September 2015 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)
45, Lorong Rahim Kajai 13,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia.

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