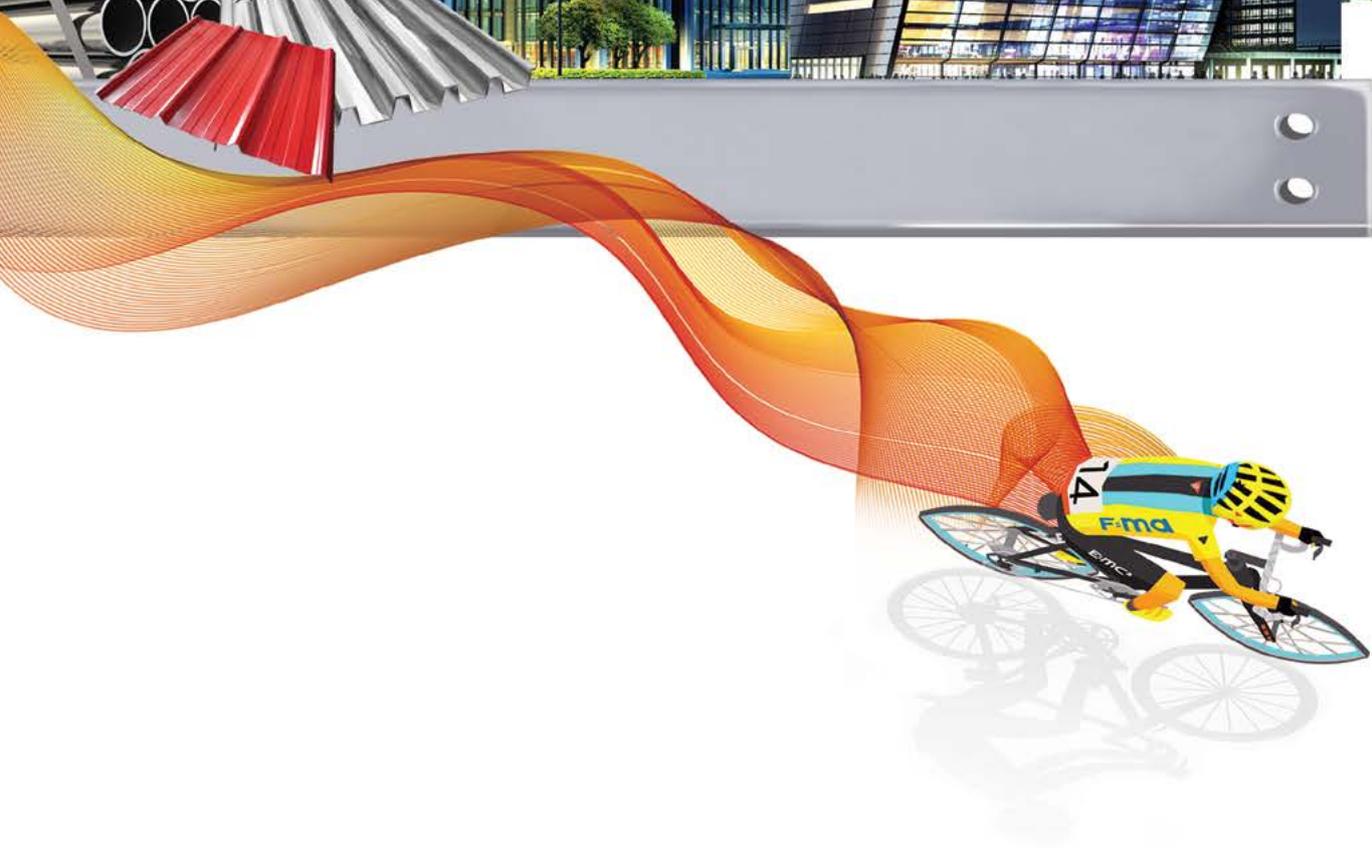




ADVANCING TOWARDS  
**GREATER EXCELLENCE**  
*Annual Report 2019*



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## ADVANCING TOWARDS GREATER EXCELLENCE

Consistently advancing its business in the iron & steel industry, ATTA Global Group Berhad has never stopped breaking through obstacles to push forward. The Company has keeps up the constant effort of growing as the visual of a cyclist moving forward. Other than providing wide varieties of products which lead the Company to be one of the leaders in the industry, the Company is expanding towards building development to bring the business ahead than before. Despite the constant advancement, ATTA Global Group Berhad has never forgotten about the environment, ensuring both the environment and the business to be at its best with recycling of scrap metal.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth (38th) Annual General Meeting ("38th AGM" and/or "AGM") of the Company will be held at Terrace, Level 2, Sunway Hotel Seberang Jaya, 11, Lebuhraya Seberang Jaya, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Thursday, 29 August 2019 at 12.00 noon.

## AGENDA

## ORDINARY RESOLUTION

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 31 March 2019, together with the Directors' and Auditors' Reports thereon. (Please refer to Note 2)
2. To approve the payment of increased Directors' fees of RM72,000 in respect of the financial year ended 31 March 2019. 1
3. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM29,000 from 30 August 2019 until the next AGM of the Company. 2
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
  - 4.1 Dato' Dennis Chuah 3
  - 4.2 Mr. Sudesh A/L K.V. Sankaran 4
5. To re-appoint Messrs Grant Thornton as Auditors of the Company for the financial year ending 31 March 2020 and to authorise the Directors to fix their remuneration. 5

### AS SPECIAL BUSINESS:

6. To consider and, if thought fit, pass the following Resolutions:
  - 6.1 **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**  
**- Mr. Sudesh A/L K.V. Sankaran** 6

"That, subject to his re-appointment as a Director of the Company under Ordinary Resolution 4, Mr. Sudesh A/L K.V. Sankaran, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be retained, to continue to act as an Independent Non-Executive Director of the Company".

- 6.2 **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016** 7

"That, subject to the Companies Act 2016 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deemed fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)



## AS SPECIAL BUSINESS: (Cont'd)

6. To consider and, if thought fit, pass the following Resolutions: (Cont'd)

### 6.2 AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016 (Cont'd)

7

"And that the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier."

### 6.3 PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

8

"That, subject to the Companies Act 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. The Retained Profits of the Company based on its audited financial statements as at 31 March 2019 is RM9,852,971.
- iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):
  - a) the shares so purchased may be cancelled; and/or
  - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or
  - d) in any other manner as may be prescribed by applicable law and/or the regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force.

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## AS SPECIAL BUSINESS: (Cont'd)

6. To consider and, if thought fit, pass the following Resolutions: (Cont'd)

### 6.3 PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY (Cont'd)

8

And that any authority conferred by this resolution may only continue to be in force until: (Cont'd)

- ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act 2016, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

### 6.4 PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

**SPECIAL  
RESOLUTION**

"That approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association with immediate effect and in place thereof, the proposed new Constitution as set out in the Circular to Shareholders dated 31 July 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

**FURTHER NOTICE IS HEREBY GIVEN THAT** only members whose names appear on the Record of Depositors as at 21 August 2019 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

**CHAN YOKE YIN (MAICSA 7043743)**  
**CHAN EOI LENG (MAICSA 7030866)**

Chartered Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia

31 July 2019

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)



## NOTES:

### 1. PROXY

A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and need not be a member of the Company.

Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/ her holdings to be represented by each proxy.

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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 but the proportion of holdings to be represented by each proxy must be specified.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.

The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia by Tuesday, 27 August 2019 at 12.00 noon (not less than 48 hours before the time appointed for holding the Meeting). Faxed or emailed copies are not acceptable.

For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.

Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act, 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

### 2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Agenda 1 is meant for discussion only as Section 340(1) of the Companies Act 2016 only requires the Audited Financial Statements to be laid before the Company at the AGM and not shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

### 3. DIRECTORS' FEES AND BENEFITS

Section 230(1) of the Companies Act 2016 provides amongst others, that "fees" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two (2) separate resolutions as follows:

Resolution 1: Payment of increased Directors' fees in respect of the financial year ended 31 March 2019

Resolution 2: Payment of Directors' benefits from 30 August 2019 until the next AGM

As part of its periodical review to ensure the Group remains competitive against its peer and with the heightened responsibilities and accountabilities required for Directors per current requirements under the Companies Act 2016, the Capital Markets & Services Act 2007 and the Malaysian Code on Corporate Governance, the Board at its Meeting held on 29 May 2019 approved the Remuneration Committee's recommendation that the Directors' fees per annum (p.a.) be revised as follows:

Directors' Fees	2015 – 2018 (RM)	2019 (RM)
Non-Executive Directors	12,000 p.a. (per Director)	18,000 p.a. (per Director)

The Directors' benefits payable to the Non-Executive Directors for the period from 30 August 2019 until the next AGM of the Company are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

## NOTES: (Cont'd)

### 4 RE-ELECTION OF DIRECTORS – ORDINARY RESOLUTIONS 3 AND 4

Dato' Dennis Chuah and Mr. Sudesh A/L K.V. Sankaran are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 38th AGM.

The Board has via the Nominating Committee conducted an assessment on the effectiveness and contributions of the said retiring Directors including their skills, experience, competency and commitment, and has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors on pages 11} to page 13} of the Annual Report 2019.

### 5 RE-APPOINTMENT OF AUDITORS

The Audit Committee ("AC") has carried out an assessment of the suitability and independence of the external auditors, Grant Thornton and was satisfied with the suitability of Grant Thornton based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC in its assessment also found Grant Thornton to be sufficiently objective and independent.

The Board therefore approved the AC's recommendation that the re-appointment of Grant Thornton as external auditors of the Company be put forward for the shareholders' approval at the 38th AGM.

### 6 RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Ordinary Resolution 6 proposed under item 6.1, if passed, will allow Mr. Sudesh A/L K.V. Sankaran to continue to hold office as an Independent Non-Executive Director of the Company.

In line with the Malaysian Code on Corporate Governance, the Board on the recommendation of the Nominating Committee who has carried out an assessment of the Director has recommended that Mr. Sudesh A/L K.V. Sankaran who has served as Director of the Company for a cumulative term of more than twelve (12) years, be retained as Independent Non-Executive Director of the Company based on the following justifications:

- i) He has fulfilled the criteria under the definition of Independent Director pursuant to paragraph 1.01 of the Main LR of Bursa Securities as he is independent from management and free from any business or other relationship which could interfere with his independent judgment or ability to act objectively;
- ii) He remains independent and actively participate in board discussions and decision making of the Board and Board Committees. He remains objective and independent in expressing his views and voice on the Board;
- iii) He possesses insight and in depth knowledge of the Company's business operations and he is committed to devote sufficient time and attention to the Company;
- iv) He understands the Group and its businesses, the industry and challenges and therefore are able to contribute to the development of the Group;
- v) He is able to devote time and commitment to attend to the functions and duties as Independent Director, including attendance and informed participation at Board and Board Committee meetings; and
- vi) He acts in the best interest of all shareholders and will provide the check and balance to the Board.

In line with Practice 4.2 of the Malaysian Code on Corporate Governance ("MCCG"), the Company would seek shareholders' approval through a two-tier voting process as described in the Guidance to Practice 4.2 of the said MCCG to retain Mr. Sudesh A/L K.V. Sankaran, who has served as an Independent Non-Executive Director for more than twelve (12) years.

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)



## NOTES: (Cont'd)

### 7. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

The Ordinary Resolution 7 proposed under item 6.2, if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company ("Share Mandate") for the time being for such purposes as the Directors consider would be in the interests of the Company.

This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company to undertake any shares issuance during the financial year without having to convene a general meeting. The rationale for this proposed Share Mandate is to allow for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In any event, the exercise of the mandate is only to be undertaken if the Board of Directors considers it to be in the best interest of the Company.

In addition, any delay arising from and thereby reducing the administrative time and costs associated with the convening of an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. However, the Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 28 August 2018. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

### 8. PROPOSED RENEWAL OF SHARE BUY BACK AUTHORITY

The Ordinary Resolution 8 proposed under item 6.3, if passed, will empower Directors to buy back the Company's own shares. This authority will expire at the next AGM of the Company unless earlier revoked or varied by ordinary resolution of the Company at a general meeting.

Further information on the above Ordinary Resolution is set out in the Statement to Shareholders of the Company, which is sent out together with the Company's 2019 Annual Report.

### 9. SPECIAL RESOLUTION – PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The proposed amendments to the existing Memorandum and Articles of Association of the Company by replacement with a new Constitution of the Company will conduce mainly to the following purposes:

- a) To ensure compliance with the amended Main LR of Bursa Securities;
- b) To provide clarity and consistency with the amendments arising from the enforcement of the Companies Act 2016 and other relevant regulatory provisions; and
- c) To enhance administrative efficiency.

The proposed new Constitution is set out in the Circular to Shareholders dated 31 July 2019.

The Special Resolution proposed under item 6.4, shall take effect once it has been passed by a majority of not less than seventy-five percent (75%) of such members who are entitled to vote and do vote in person or by proxy at the forthcoming 38th AGM.

# **NOTICE OF ANNUAL GENERAL MEETING**

(CONT'D)

## **NOTES: (Cont'd)**

### **10. POLL VOTING**

Pursuant to Paragraph 8.29A(1) of the Main LR of Bursa Securities, all the resolutions set out in this Notice will be put to vote by poll except for Agenda 1.

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of the Main LR of Bursa Securities)

The details of Directors standing for re-election are set out in the Profile of Directors and the details of their interest in the securities of the Company are disclosed in this Annual Report.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Ooi Chieng Sim

(Executive Chairman)

#### Ng Chin Nam

(Executive Director)

#### Chow Choon Hoong

(Executive Director)

#### Tan Kim Hee

(Non-Independent Non-Executive Director)

#### Sudesh A/L K.V. Sankaran

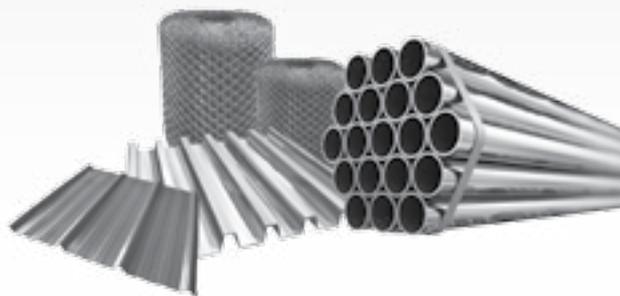
(Independent Non-Executive Director)

#### Dato' Dennis Chuah

(Independent Non-Executive Director)

#### Loh Yee Sing

(Independent Non-Executive Director)



### AUDIT COMMITTEE

#### Dato' Dennis Chuah

(Chairman)

#### Sudesh A/L K.V. Sankaran

#### Loh Yee Sing

### NOMINATING COMMITTEE

#### Sudesh A/L K.V. Sankaran

(Chairman)

#### Dato' Dennis Chuah

#### Loh Yee Sing

### REMUNERATION COMMITTEE

#### Sudesh A/L K.V. Sankaran

(Chairman)

#### Dato' Dennis Chuah

#### Ooi Chieng Sim

### ESOS COMMITTEE

#### Ooi Chieng Sim

(Chairman)

#### Ng Chin Nam

#### Siva Raman A/L S. Ramasamy

### RISK MANAGEMENT COMMITTEE

#### Chow Choon Hoong

(Chairman)

#### Ng Chin Nam

#### Loh Yee Sing

#### Mathavan Pillay A/L Kanasi

### CORPORATE/ OPERATIONAL OFFICE

ATTA Global Group Berhad (79082-V)  
No. 2521 Tingkat Perusahaan 6  
Prai Industrial Estate  
13600 Prai  
Penang, Malaysia  
Tel No. : 604-3972324  
Fax No. : 604-3997324

### SHARE REGISTRARS

Boardroom Share Registrars Sdn. Bhd.  
(formerly known as Symphony Share Registrars Sdn. Bhd.)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel No. : 603-78490777  
Fax No. : 603-78418151

### REGISTERED OFFICE

No. 55A Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh  
Perak Darul Ridzuan, Malaysia  
Tel No. : 605-5474833  
Fax No. : 605-5474363

### COMPANY SECRETARIES

Chan Yoke Yin (MAICSA 7043743)  
Chan Eoi Leng (MAICSA 7030866)

### AUDITORS

Grant Thornton  
Chartered Accountants  
51-8-A Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang, Malaysia  
Tel No. : 604-2287828  
Fax No. : 604-2279828

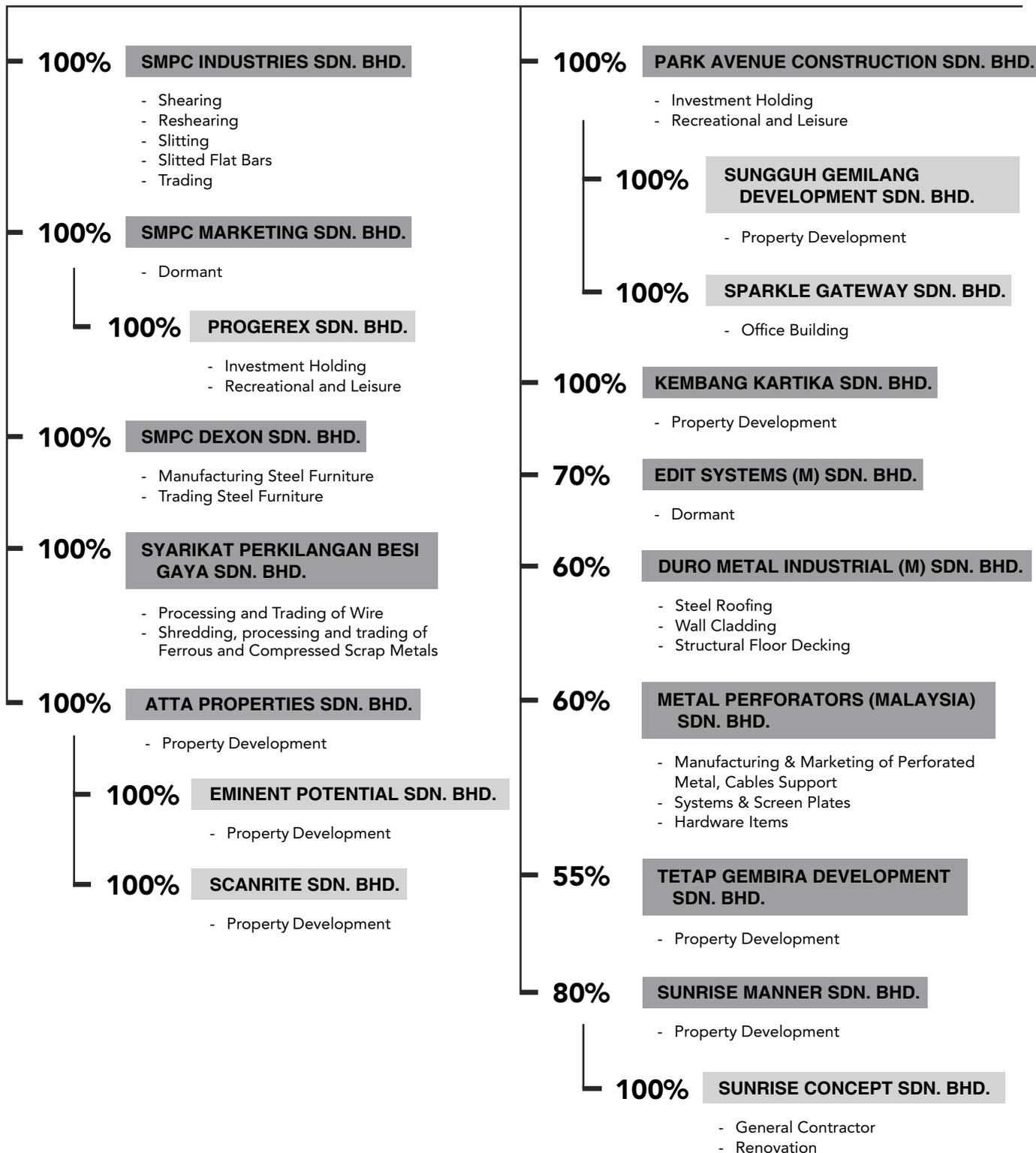
### PRINCIPAL BANKERS

AmBank (M) Berhad  
AmIslamic Bank Berhad  
Malayan Banking Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : ATTA  
Stock Code : 7099

# CORPORATE STRUCTURE



## PROFILE OF THE BOARD OF DIRECTORS



**Ooi Chieng Sim** (Chairman/Executive Director)  
Male, Malaysian, aged 50

Ooi Chieng Sim was appointed to the Board of ATTA as an Executor Director on 1 June 2012. He was subsequently appointed as the Executive Chairman of the Company on 24 November 2014. He is also a member of the Remuneration and ESOS Committees.

Ooi Chieng Sim did his secondary education at Chung Ling High School and has more than twenty years of experience in plantation, trading in foodstuff, construction and engineering sector. His immense experience had led him to manage his companies successfully over the years. He was the founder of Hock Lok Siew Realty Sdn. Bhd. and Skylitech Resources Sdn. Bhd. which were set up by him in 1989.

He is a substantial shareholder of ATTA.

**Ng Chin Nam** (Executive Director)  
Male, Malaysian, aged 49

Ng Chin Nam is an Executive Director of ATTA through his re-designation effective 1 June 2012. He was appointed to the Board of ATTA on 29 January 2009 as an Independent Non-Executive Director and a member of the Company's Audit Committee till his re-designation in June 2012. He is also a member of the ESOS Committee and Risk Management Committee.

Ng Chin Nam has more than 20 years of experience in the fields of accounting, auditing, taxation and corporate finance. He started his career in 1992, in a manufacturing environment. He joined an international audit firm in 1997 after obtaining his professional qualification from the Chartered Institute of Management Accountants (CIMA). He left the audit firm in 2000 and was head of the finance department of different listed companies until 2012. Presently, he also sits on the Board of Niche Capital Emas Holdings Berhad and Asia File Corporation Bhd.

**Chow Choon Hoong** (Executive Director)  
Male, Malaysian, aged 55

Chow Choon Hoong is an Executive Director of ATTA. He was appointed to the Board of ATTA on 29 June 2015 and also the Chairman of Risk Management Committee.

He graduated with a Bachelor of Science Degree in Civil Engineering and specialized in Structural and Transportation Engineering. He served as a Civil Engineer of Tokyu Construction Sdn Bhd from year 1992 to 1993. Then, he served as an Assistant Resident Engineer of Ving Tai Development Sdn Bhd from year 1993 to 1994. After that, he worked as a Project Coordinator and Structural Detailed Design Engineer of Sepakat Setia Perunding Sdn Bhd in year 1994 until 1997. Thereafter, he worked as a Project Manager of MUI Properties Sdn Bhd from year 1997 to 1998. Presently, he is a Director of Duro Metal Industrial (M) Sdn Bhd, a subsidiary company of ATTA.

**Tan Kim Hee** (Non-Independent Non-Executive Director)  
Male, Malaysian, aged 55

Tan Kim Hee is a Non-Independent Non-Executive Director of ATTA. He was appointed to the Board of ATTA on 28 March 2018.

After graduated from University Kebangsaan Malaysia (UKM), he involved in the telecommunication industry by joining Sapura Group. He builds up his customer network and maintained good relationship with most of the major suppliers during this period. After gaining enough experience, he decided to venture into the telecommunication business on his own strength establishing One Touch Mobile Sdn Bhd in year 1998, has over eighteen (18) years of experience in telecommunication industry. Through his commitment and effort, he has successfully gained a foothold in the telecommunication industry. After a few years of determined effort and hard work, he gained his reputation as reliable and efficient businessmen in the market and the company is expanding rapidly under his leadership.

He is also a substantial shareholder of ATTA.

## PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)

### **Sudesh A/L K.V. Sankaran** (Independent Non-Executive Director)

Male, Malaysian, aged 69

Sudesh A/L K.V. Sankaran was appointed to the Board of ATTA as an Independent Non-Executive Director on 20 December 2004.

He was subsequently appointed as Chairman of the Board on 29 July 2014 and served in that capacity for one term. He is also a member of the Audit Committee, the Chairman of Remuneration and Nominating Committees of the Company.

Sudesh A/L K.V. Sankaran graduated with a Bachelor of Arts (Economics) from University of Madras in 1973. He started his career as an Executive in New Zealand Insurance Ltd in 1974. He was appointed as an Assistant Manager in United Oriental Assurance Bhd in 1977. He then held a managerial position from 1982 until 1992 when he was promoted as Regional Manager. Currently, he is a consultant with Sterling Insurance Brokers Sdn. Bhd.

### **Dato' Dennis Chuah** (Independent Non-Executive Director)

Male, Malaysian, aged 46

Dato' Dennis Chuah is an Independent Non-Executive Director of ATTA. He was appointed to the Board of ATTA on 25 September 2013. He was also appointed as Chairman of the Audit Committee of the Company on 30 September 2014 and a member of Nominating Committee and Remuneration Committee.

In 1992, he joined Tako Group of Companies as a Sales Executive and was in charge of the sales of electrostatic discharge protective material for the semiconductor and electronics industries in Malaysia and Singapore. He founded Zapstat Sdn Bhd in 1996, a manufacturer of electronic antistatic discharge packaging material, and also one of the pioneer factory producing this advance packaging materials in Malaysia at that time.

Then in the year 2002, he established ETI Corporation Berhad (ETICB), a holding company doing R&D of Battery Management System and energy storage. ETICB was listed on the Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ) Market of Bursa Malaysia and has obtained MSC status in R&D and manufacturing of Battery Management System and energy storage. In 2008 when ETICB's market capital value hit RM600 million, he was listed in "The Forbes Asia's 4th and 5th Annual Best Under A Billion". In year 2008 he went on to establish Eclimo Sdn Bhd, a homegrown electric vehicle company promoting green technology with the vision to provide everyone an Eco Life Mobility and preserve the environment with zero emission. He is the Executive Director of Eclimo Sdn Bhd.

### **Loh Yee Sing** (Independent Non-Executive Director)

Female, Malaysian, aged 44

Loh Yee Sing is an Independent Non-Executive Director of ATTA. She was appointed to the Board of ATTA on 28 November 2016. Concurrently, she was also appointed as a member of the Audit Committee, Nominating Committee and Risk Management Committee of the Company.

She graduated with a Bachelor of Commerce (Accounting), Nelson Polytechnic at New Zealand. She is also a member of the Malaysian Institute of Accountant, Institute of Chartered Accountants New Zealand.

She has more than 15 years' experience in the field of Finance and Accounting. Presently, she is a Senior Accountant of Zhulian Group of Companies.

# PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)



## Notes:

### i. Family Relationships with any Director and/or Major Shareholders

Ooi Chieng Sim and Tan Kim Hee are the substantial shareholders of the Company. Apart from this, all the other Directors of the Company do not have any family relationship with any Director and/or major shareholders of the Company.

### ii. Conflict of Interest

All the Directors of the Company do not have any conflict of interest with the Company.

### iii. Non-conviction of Offences

All the Directors have not been convicted of any offences within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT

### **Ooi Chieng Sim** (Chairman/Executive Director)

Male, Malaysian, aged 50

Ø Refer to the Profile of the Board of Directors on page 11}.

### **Ng Chin Nam** (Executive Director)

Male, Malaysian, aged 49

Ø Refer to the Profile of the Board of Directors on page 11}.

### **Chow Choon Hoong** (Executive Director)

Male, Malaysian, aged 55

Ø Refer to the Profile of the Board of Directors on page 11}.

### **R Siva Raman A/L S. Ramasamy Pattar** (Group Financial Controller)

Male, Malaysian, aged 56

R Siva Raman A/L S. Ramasamy Pattar, joined ATTA Group formerly known as SMPC in 1985 in accounts department after completing his diploma in Accounting from London Chamber of Commerce and Industries. He graduated with Master of Business Administration (MBA) specialised in Finance from University of Southern Queensland, Australia. He was promoted to the position of Group Financial Controller in 2010. He has more than 30 years of experience in the fields of accounting, costing and corporate finance.

He is responsible for the Group's financial reporting, corporate finance, financial planning and management, treasury, investor relation, tax planning and compliance.

He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company, has no conviction for offences within the past 5 years nor public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION & ANALYSIS



## OVERVIEW

ATTA Global Group Berhad, formerly known as SMPC Metal Industries Sdn Bhd (“SMPC”) was incorporated on 14 December 1981. Pursuant to the listing exercise, SMPC was converted to a Public Limited Company on 18 February 1995 and was subsequently listed on the second board of Kuala Lumpur Stock Exchange on 15 February 1996. The Company’s name was changed to SMPC Corporation Bhd on 10 July 1996. On 25 September 2015, the Company changed its name to ATTA Global Group Berhad (“ATTA”) and thereby assumed this name henceforth.

The Group is involved in iron & steel industry, with subsidiaries operating in Prai, Kapar, Klang and Shah Alam, involving in Upstream and Downstream sectors which are principally involved in the process of shearing, re-shearing, slitting of Steel Coil, slitted flat bars, steel roofing, wall cladding structural floor decking, manufacturing and marketing of perforated metal, cables support, systems and screen plate, steel furniture and the industrial recycling of scrap metal.

Other businesses, including letting of industrial and commercial assets, provision of management consultancy.

On 19 January 2018, the Board has announce that the Group to undertake a diversification of its business into property development, construction and property investment sector. To enhance the revenue sources of the Group into other viable business such as property development, construction and property investment of which the Management believes shall further enhance the shareholders’ value.

## REVIEW OF FINANCIAL PERFORMANCE

### Financial Year Ended (“FYE”) 31 March 2019

For the FYE 31 March 2019, ATTA generated revenue of approximately RM152.83 million, which a decrease of approximately RM3.03 million or 1.94% as compared to the revenue generated for the preceding FYE of approximately RM155.86 million. Decrease in turnover mainly attributed to the decrease of revenue in metal processing division and metal roofing division.

The Group recorded profit after tax of approximately RM6.41 million as compared to the profit after tax incurred for the preceding FYE of approximately RM28.06 million. The current financial year profit decreased by RM21.65 million or 77.16%. The lower profit is contributed by lower other operating income and lower profit margin in metal processing division.

The Management is confident that, barring unforeseen circumstances, ATTA Group shall be able to deliver positive result.

Our financial position as at 31 March 2019 is as follows:

#### 1. ASSETS:

- A. Property, plant and equipment (“PPE”) reduced to RM72.96 million from RM73.74 million, the decrease in PPE was mainly due to depreciation charges.
- B. Investment properties increased to RM82.43 million from RM49.22 million. The Group’s carrying amount of investment properties increased by RM33.21 million (67.47%). The increase is contributed by addition and acquisitions of subsidiaries by the group during the financial year.
- C. The inventories increased by RM68.94 or about 463.48 % to RM82.67 million from RM13.73 million. The increase are due to adoption of new accounting standards. Upon the withdrawn of FRS 201, the Group has classified land held for property development and property development costs as part of inventories in accordance with MFRS 102 inventories.
- D. Receivables, deposits and prepayments reduced to about RM61.90 million as compared to about RM67.01 million in the previous financial year. This was primarily due to healthy collection of trade receivables.
- E. The Group’s cash and cash equivalents reduce significantly to about RM78.89 million from about RM130.94 million due to investment into acquisitions of subsidiaries by the group during the financial year.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)

## REVIEW OF FINANCIAL PERFORMANCE (Cont'd)

Financial Year Ended ("FYE") 31 March 2019 (Cont'd)

### 2. LIABILITIES:

Trade and other payables

- A. The Group's trade and other payables increased from RM23.69 million to RM29.89 million. This was mainly due to the amount owing to directors by new subsidiaries acquired during the financial year.
- B. The Group Bank borrowings reduced to RM7.23 million from RM9.92 million. The reduced was primarily due to monthly settlement of Term Loan and Hire Purchase.

## REVIEW OF OPERATIONS

### ATTA GLOBAL GROUP BERHAD

#### MAJOR ACTIVE SUBSIDIARIES

- **Duro Metal Industrial (M) Sdn. Bhd.**
- **Syarikat Perkilangan Besi Gaya Sdn. Bhd.**
- **Metal Perforators (Malaysia) Sdn. Bhd.**
- **SMPC Industries Sdn. Bhd.**
- **SMPC Dexon Sdn. Bhd.**
  
- **Duro Metal Industrial (M) Sdn. Bhd. ("DURO")** is a manufacturing company of metal roofing and wall cladding sheets. DURO's range of roofing and wall cladding profiles include Durozip, Megadek, Skydek II, Durospan, V-Clad, 3 Pan Klip System 700 and also we manufacture to the customer requirements for non-standard items. At DURO, we manufacture high tensile galvanized C-purlins and Z-purlins together with Durodek metal floor decking system for structural and composite concrete floor design requirements.

DURO's products are manufactured to international standards, such as, ASTM, AS and BS. All the products are tested and verified by independent third party test labs in accordance with the required local and international standards.

- **Syarikat Perkilangan Besi Gaya Sdn. Bhd. ("SPBG")** involved in metal processing business. Mainly involved in shredding, shearing, processing and trading of ferrous scrap metals. The sorted scrap metals will be purchased by the Company and processed to scrap metal blocks. The scrap metal blocks will be sold to the customers. The processing stage is relatively simple.

The metal processing business of the Group is a cash business, which requires huge cash outlay for the purpose of purchase of raw materials, i.e. scrap metals. The processing and turnover for the metal processing business is within a short period of time. Hence, the availability of sufficient financial resources will be the main success factor, as the Group intends to expand the scale of its metal processing business. Financial availability will be one of the competitive advantages to the Group in sourcing raw materials in a more competitive pricing.

- **Metal Perforators (Malaysia) Sdn. Bhd. ("MPM")** was incorporated in 1972 with initial principle business of manufacturing and trading of metal products. Today, MPM business is closely related to the national growth sector in construction, oil & gas, infrastructure projects and major manufacturing sector. With its assurance of high quality products, prompt delivery and efficient service, MPM has grown to command a major share of the local market and are on our way to establish a strong international presence.
- **SMPC Industries Sdn. Bhd.** is a steel processor and it has state of the art metal coil processing centers in Klang, Malaysia. The processing centre core operation compromise the shearing, re-shearing and slitting metal coil.
- **SMPC Dexon Sdn. Bhd. ("DEXON")** is one of the manufacturers – exporter of steel furniture specializing in various ranges such as office, university, school, hostel, laboratory, military and marine along with solutions for Special Projects.

DEXON's products such as filing cabinets, cupboards, storage lockers, tables, beds and other products are exported to more than 50 countries worldwide across Asia, Middle East, Europe, Africa, America and Australia.

DEXON has a team of qualified, skilled and vibrant young people enables to set a benchmark standard in its process and consistency in quality leads to achieve ISO 9001:2008 certification in order to deliver our product guaranteed with value for money and delivery on time.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



## STRATEGIES AND EXPANSION PLANS

The Board has been reviewing potential opportunities to enhance the revenue sources of the Group which includes diversification into other viable business such as property development, construction and property investment of which the Management believes shall further enhance the shareholders' value.

The Property Projects will serve to facilitate as an entry point for ATTA into the property development and property investment sectors. The Board expects that the Group would be able to capitalize on such opportunity in longer term when the property market recovers in the future. Barring any unforeseen circumstances, the Board is optimistic that the future development of the Property Projects and property market will contribute positively to the future financial performance of the Group.

The Board opines that the Group's venture into the property development, construction and property investment businesses would auger well with the Group's long term growth strategy of diversifying and expanding its earnings base and deliver greater value to the shareholders of the Company.

## DIVERSIFICATIONS

On 19th January 2018 the Board has announce that the group to undertake a diversification of its business into property development, construction and property investment sector. To enhance the revenue sources of the Group into other viable business such as property development, construction and property investment of which the Management believes shall further enhance the shareholders' value.

The Group plans to further expand its property development and recently acquired few subsidiaries namely Sunrise Manner Sdn Bhd, Sungguh Gemilang Sdn. Bhd., Eminent Potential Sdn. Bhd. and Scanrite Sdn. Bhd. All this subsidiaries are involve in the business of property development. The Board expects that the Group would be able to capitalise on such opportunity in longer term when the property market recovers in the future barring any unforeseen circumstances, the Board is optimistic that the future development of the Property Projects and property market will contribute positively to the future financial performance of the Group.

In order to the boost the growth of the group, Our Group's location strategy focuses on maximizing business opportunities through the development of properties in strategic locations. Developing properties in strategic locations are paramount in supporting the market focus strategy of developing premium properties.

The Board opines that the Group's venture into the property development, construction and property investment businesses would auger well with the Group's long term growth strategy of diversifying and expanding its earnings base and deliver greater value to the shareholders of the Company.

## INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

### Overview and outlook of the Malaysian economy

The Malaysian economy will remain resilient in 2019, with real Gross Domestic Product ("GDP") forecast a growth rate of 4.9% supported by domestic demand. Private sector expenditure continues to be the primary driver cushioning the effect of lower public sector spending in 2018 and 2019. Private investment is anticipated to expand with capital outlays mainly channeled into the services and manufacturing sectors. The lower growth is within expectations following weaker external demand and lingering uncertainty in trade directions pending the US-China trade tension resolution.

The construction sector is anticipated to expand albeit at a moderate pace largely due to near completion of mega projects as property overhang, particularly in the non-residential subsector. The sector is expected to improve marginally in 2019 following an increase in new planned supply in the affordable homes and industrial segments.

(Source: 2018/19 Economic Report, Ministry of Finance, Malaysia)

# **MANAGEMENT DISCUSSION & ANALYSIS**

(CONT'D)

## **INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS (Cont'd)**

### **Housing affordability at the island city continues to be challenging**

Under Budget 2018, the government has increased allocation to address rising cost of living and affordable housing issues among the lower to middle income group. This action will certainly be the only short-term measures with limited effect. The recent freeze on four components of the property market that include condominiums and serviced apartments priced RM1 million and above is a disruption to the high-end products, yet it does not get to the root to address the housing affordability issue.

While affordable homes are mushrooming across Penang targeting on affordable buyers, the current scheme appears to be inadequate to address varied demands and budget. Penang as a fast growing state is hunger for a more solid yet dynamic affordable housing scheme to assist the buyers in various aspects. Until we are fitted with a more extensive scheme, the year ahead will continue to be challenging for affordable housing buyers.

For those who have made a new year's resolution to buy a new affordable home this year, do expect several more affordable housing to be launched this year at a few new locations such as Gelugor, Batu Ferringhi, Jelutong and Bukit Mertajam. Two new PR1MA projects are likely to be launched in the island this year. Most of these upcoming affordable projects will be priced within the range of RM300,000.

### **Oversupply in South West district**

The abundance supply of affordable and mid-range housing, priced within the range of RM500,000 in the South West district will continue to affect the house prices in those areas, which are unlikely to improve anytime soon. This is particularly true for the condominium in areas such as Bayan Lepas, Sungai Ara and Teluk Kumbar.

As the year 2018 is wrapped with a market slow down trend along with oversupply in the South West district, determined buyers and investors can still consider projects with unique offering situated at strategic location as these projects will continue to outperform. Other than the prime locations at northern side of Penang Island, projects at Sungai Nibong and Queensbay area also recorded a good take up rate and are expected to continue outshining in the southern part of Penang Island.

Teluk Kumbar, is an option for those who may have a more confined budget. You may be able to find a bigger house with the same budget. The completion of the flyover connecting Jalan Bayan Lepas to Jalan Teluk Kumbar will be a catalyst for more intensive development in that area, and ultimately opening up yet more choices.

### **Township development in mainland**

For mainland, the prevailing trends in focusing on township development will continue. With comfort and lifestyle is being emphasized, developers with huge land banks has been constructing their plan to offer a better living solution – a comfortable home with good accessibility to workplaces and daily needs, and within a safe and fun community for your family.

With many exciting developments in progress at Batu Kawan, all eyes will be on this satellite township as several projects will be completing in stages over the next few years. The Ship Campus (ALC College) and KDU University College are on-track to complete by 2019.

In order not to be missed out, several MNCs and SMEs are also expanding their manufacturing operation in Batu Kawan, namely Flextronics, HP, Sandisk, Sunningdale Tech, Boston Scientific, Vitrox and a few others.

Batu Kawan will continue make a significant attraction and focus for Penang development and it will keep the ball rolling to the possibility of being the most talked about area in the northern region of Malaysia. The blooming of Batu Kawan Township could only offer endless possibilities. With developers striving into providing a better living solution, not just a home to buyers, the prices of property in Batu Kawan is anticipated to inflate within the next five years.

### **Food for thought**

Property market will always go up and down, the economy will always fluctuate. However, there will always be right investments to make. Over the long term, placing money into properties in Penang is a sound strategy because land is the most precious commodity in the island state.

# MANAGEMENT DISCUSSION & ANALYSIS

(CONT'D)



## INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS (Cont'd)

### Food for Thought (Cont'd)

As new high-rise building is now built taller, denser and further, the best time to buy a property is always yesterday. And the day closest to yesterday is today. To make sure you make the smart choices, you must understand property is a long term investment and be crystal clear with your financial needs and goals.

– Ken Lim (Founder, PenangPropertyTalk.com)

## RISK FACTORS

The potential risk factors relating to the Diversification, which may not be exhaustive, are as follows:

### Business risk

The Diversification is subject to certain risks inherent in the property development, construction and property investment industry. These may include, inter-alia, timely commencement or completion of the Property Development Project, obtaining the timely approvals from the regulatory authorities, satisfactory performance of contractors, availability of labour and building materials, fluctuations in prices of building materials, general economic downturn, changes in demand and oversupply of properties, changes in credit conditions such as availability of end finance and changes in the legal and environmental framework within which the industry operates.

The Group seeks to limit these risks through, inter-alia, effective human resource development strategies, market research and feasibility studies, keeping abreast with the latest developments in the property market including monitoring the consumers' preference and lifestyle, careful planning, continuous review and close supervision on the progress of the project.

Although the Board believes that the Group may derive significant benefits from the development of the Property Development Project and steps will be taken to mitigate these business risks, no assurance can be given that any changes in these factors will not have any material adverse effect on the Group.

### Investment risks

The Group will be subject to investment risks, which include, amongst others, general economic downturn in the global and Malaysian economy, changes in the demand and supply of real estates, inability to secure tenants, increased competition from other properties in the vicinity area, changes in the credit and interest rate conditions. The ability to generate future rental earnings is dependent on, amongst others, the ability to attract and retain suitable tenants at reasonable rental rates. Further, the value of the Property Units may either be enhanced or diminished depending on factors such as the development and rental yields within the vicinity of the Property Units, as well as the local and global market conditions. In view of this, the Group may be adversely affected by the relatively illiquid nature of real estate investments whereby the Group may be unable to sell the Property Units on short notice given the potential change in value of the Property Units or to meet future cash flows requirements of the Group.

Although the Group seeks to limit these risks through, inter-alia, appointing a property agent to source for suitable tenants for the Property Units, keeping abreast with the latest rental rates and property values in the surrounding areas of the Property Units such as providing competitive rental rates and to actively engage the tenants. However, no assurance can be given that the Group would be able to secure any tenants to rent the Property Units and that any change in these factors will not have an adverse effect on the Group's financial performance in the future.

### Business diversification risk

The Group is principally engaged in metal processing (processing of scrap metals), manufacturing and trading of metal related products. As the implementation of the Diversification would result in the Group's business to include property development, construction and property investment, the Group will be subject to new challenges and risks arising from such business in which the Group has not been directly participating in the past. Although the Group seeks to limit these risks by, inter-alia, effective resource management, effective cost-control and prudent investment strategy, no assurance can be given that any changes in these factors will not have a material adverse impact on the Group.

# **MANAGEMENT DISCUSSION & ANALYSIS**

(CONT'D)

## **RISK FACTORS (Cont'd)**

### **Political, economic and environmental considerations**

The property market can be characterized as cyclical in nature and is somewhat correlated to the general economic conditions of Malaysia. Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial and prospects of the property development, construction and property investment business. Political, regulatory and economic uncertainties include changes in labour laws, interest rates, fiscal and monetary policies, risks of expropriation of land by authorities and methods of taxation.

In mitigating such risks, the Company will continue to review its business development strategies in response to the changes in political, monetary, fiscal and economic conditions. Nonetheless, no assurance can be given that any changes to the political, regulatory and economic conditions would not have any material impact on the Proposed Diversification thus affecting the Group's financial performance in the future.

### **Competition risk**

Pursuant to the Diversification, the Group will face direct competition from both new entrants and existing players in the property development, construction and property investment sector. The Group may also face disadvantages as a new entrant in the industry as it lacks of relevant track record and brand name as compared to the existing players which enjoy the privilege of their established brand name and reputation in the industry.

The Group's competitiveness will largely depend on, amongst others, its sales and marketing strategies, product design, location of the development and its ability to price and differentiate its development to meet the needs of the target markets in future. However, there can be no assurance that these efforts will enable the Group to compete successfully and effectively with current and new entrants in the property development, construction and property investment sector.

# SUSTAINABILITY STATEMENT



## CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors of ATTA is pleased to present the Sustainability Statement of the Group according to the requirement of Bursa Malaysia.

The Group recognises the importance and benefits of integrating Economic, Environmental and Social ("EES") concerns, to mitigate business risk, apply new and innovative technologies, manage our resources and environment as well as support Corporate Social Responsibility ("CSR") Sustainability into its business to sustain its business for long-term. These include working within the law in order to be innovative and demonstrating initiative to meet requirement of various stakeholders including customers, employees, shareholders.

## GOVERNANCE STRUCTURE

The Group sustainability efforts will enable the group and its subsidiaries to chart the way forward through the local and global challenges and risks – now and the future.

The Governance structure of the Group's Sustainability is as per below:-

Board of Directors	The Board is responsible for setting the Group's sustainability strategies set the key elements of the Group's practices with respect to economic, environmental and social sustainability matters.
Risk Management Committee	The Risk Management Committee oversees the implementation of sustainability strategy, evaluates overall sustainability risks and opportunities. The Risk Management Committee recognises that the steel industries operating environment has changed bringing with it new risks and opportunities.
Head of Departments	The Head of Departments support implementation of sustainability strategies and reports on the key Sustainability indicators.

## SCOPE

The Group applies a sound corporate governance framework throughout the organization, environmentally responsible practices and community centric social policies continues with this commitment for the protection and interest of our shareholders and our stakeholders.

## STAKEHOLDER'S ENGAGEMENT

One of the core principles driving sustainability is effective stakeholder engagement. Stakeholders are those entities who are effected by or can influence a company's operations and performance. The Board of Directors recognises that the Directors can make better progress in their sustainability journey by collaborating with the stakeholders. The Group continuously engages the stakeholders to identify and respond to their concerns.

We strive to improve our stakeholders' engagement approach by identifying the sustainability stakeholders as follows:-

Key Stakeholders	Engagement Objectives	Stakeholders Interest
Shareholders and Investors	to assist in making informed investment decisions by providing timely financial performance, to ensure accurate, clear timely and complete disclosure of material information.	- Strong Financial Performance - Sustainability Reporting
Employees	to create a safe and healthy workplace and provide training programs.	- Employee Welfare - Training and Development
Customers	to create stronger market integrity.	- Operational Concerns - Customer Satisfaction
Suppliers	to drive sustainability across the board.	- Sustainable Practises

# SUSTAINABILITY STATEMENT (CONT'D)

## STAKEHOLDER'S ENGAGEMENT (Cont'd)

We strive to improve our stakeholders' engagement approach by identifying the sustainability stakeholders as follows:- (Cont'd)

Key Stakeholders	Engagement Objectives	Stakeholders Interest
Government and Regulators	To comply with applicable laws and regulations across all operations.	- Regulatory Compliance - Annual Reporting - Sustainability Reporting
Local Communities	To support local communities in economic, environmental and social development.	- Financial Contributions

## MATERIAL SUSTAINABILITY MATTERS

ATTA is an investment holding company whilst its subsidiary companies are principally involved in the process of steel coil, tube, strapping, steel furniture, metal roofing, floor decking, perforated metal and the industrial recycling of scrap metal. We have diversified into property development. Workplace safety is key social concern in steel industry and project development. In view of this, the Group place high priority for occupational safety and health centric labour practices. The Group organise a health and safety campaign to increase awareness among employees.

The Board has identified the Material Sustainability Matters ("MSM") of the group as follows:

### Economic

We recognise the value brought to our stakeholders by building sustainable relationship with stakeholders and utilising our resources to contribute to economic growth.

### Customers

We place high priority on customer engagement with timely delivery, improve the effectiveness of quality management and ensure customers satisfaction in our product and services.

### Employees

The Group understands that its employee are its most valuable asset. Our hiring practises are based on capability and suitability and there is no discrimination in our hiring policies. The wellbeing of our employees remains priority as their strength and contributions are the group's result. We create and maintain a safe and healthy work place.

### Environment

The Group continues to place great importance on the need to protect our environment also maintain good manufacturing practices and adhere to the government environmental policies at all times. All manufacturing facilities are pursuing their own waste reduction programmes.

### Social

The Group is committed to Corporate Social Responsibility ("CSR") by integrating it into the business operations. The Group is always looking for any opportunity to assist charitable organisations and schools by providing products manufactured by the Group such as furniture and roofing. The Group is also providing practical industrial training to students from the public and private institutions of higher learning.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors (“the Board”) of ATTA Global Group Berhad recognizes the importance of good corporate governance. The Board is committed to ensure that the Principles and Best Practices of the Malaysian Code on Corporate Governance (“MCCG”) are practised throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities to protect and enhance long term shareholders’ value and the financial performance of the Group, whilst considering the interests of other stakeholders.

This overview statement sets out the Group’s application of the principles of the MCCG and extent of compliance with the best practices throughout the financial year ended 31 March 2019. Furthermore, it also provides investors with an insight into the Corporate Governance practices of the Company under the leadership of the Board.

The following are the three (3) principles which are set out in the MCCG 2017 during the financial year:

Principle A : Board Leadership and Effectiveness

Principle B : Effective Audit and Risk Management

Principle C : Integrity in Corporate Reporting and Meaningful relationship with Stakeholders

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### *The Principal Responsibilities of the Board*

The Board assumes full responsibilities to the shareholders for the Group’s overall performance with its objectives, strategic planning, development and implementation, decision making, business performance, succession planning, risk management, investor relations, internal control, financial and management information systems for the purpose of achieving the goals of the Company. The day-to-day management of the Group is delegated to the management but key matters are reserved for the Board. All Board members bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct for the assurance of the corporate goals; and objectives are being made towards the Group’s governance assurance framework.

The following are some of the key issues reserved for the approval of the Board:

- Approval of corporate and strategic directions of the Group
- Overseeing the conduct of the business of the Group
- Material acquisitions and disposals
- Declaration of Dividends
- Changes to the management and control structure within the Company and its subsidiaries
- Changes to Board members, Board Committee members, CFO and the Company Secretary

### *Board Charter*

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter (the “Charter”) which serves as a reference point for Board’s activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board’s strategic intent as well as relevant standards of corporate governance. The Charter was reviewed and revised in July 2019 to reflect the requirement of the applicable practices and guidance of the MCCG and is available at the Company’s website at [www.attaglobalgroup.com](http://www.attaglobalgroup.com).

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which will be available on the Company’s website:

- Code of Business Conduct and Ethics
- Whistleblowing Policy and Procedures

### *Board Composition and Independence*

The Board of the Company consists of seven (7) Directors comprising three (3) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non Independent Non-Executive Director. The current Board not only appropriately reflects the interests of substantial shareholders but also fairly represents the interests of the minority shareholders in the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Board Composition and Independence (Cont'd)

The composition of the Board has complied with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") of having at least one-third (1/3) of the Board members as Independent Non-Executive Directors. The current size and composition of the Board is well-balanced taking into account that the Directors come from differing backgrounds with commercial, financial and technical experience. With their wide range of functional knowledge and skills, the Board is able to bring in a broader perspective and depth to its decision-making process thereby ensuring efficiency and effectiveness in its management of the Group. In addition, the Independent Non-Executive Directors brings impartiality to Board's discussion and decisions. The Independent Non-Executive Directors ensure that all issues are properly addressed taking into account the interests of all stakeholders.

### Board Meetings

The Board meets five (5) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings.

A total of five (5) Board Meetings were held during the financial year ended 31 March 2019. All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year.

Name of Directors	No. of Meetings Attended
Ooi Chieng Sim - Executive Chairman	5 out of 5
Ng Chin Nam - Executive Director	5 out of 5
Chow Choon Hoong - Executive Director	5 out of 5
Tan Kim Hee - Non-Independent Non-Executive Director	4 out of 5
Dato'Dennis Chuah - Independent Non-Executive Director	4 out of 5
Sudesh A/L K.V.Sankaran - Independent Non-Executive Director	5 out of 5
Loh Yee Sing - Independent Non-Executive Director	5 out of 5

All the Directors have complied with the minimum attendance at Board Meetings during the financial year as stipulated by Bursa Securities.

### Gender Diversity Policy

The Board has no immediate plan to implement a gender diversity policy or target as the Board views that any new appointment to the Board shall be based on candidate's capability, skills, experience, core competencies and integrity regardless of gender or ethnicity. However, currently the Board has one female Director, Ms. Loh Yee Sing.

### Re-appointment and Re-election of Directors

Pursuant to the Company's Articles of Association, an election of Directors shall take place each year at the Annual General Meeting ("AGM") of the Company where one third of the Directors are subject to retirement by rotation provided always that all Directors shall retire from office once in every three (3) years and shall be eligible for re-election. The Nominating Committee annually assesses the Directors standing for re-appointment and re-election, and recommends the re-appointment and re-election of Directors to the Board for decision prior to the AGM.

### Training for Directors

The Directors recognize the need to develop and update themselves and the Company provides a dedicated training budget for Directors' continuing education. The following courses were attended by the Directors during the financial year ended 31 March 2019:

#### Name of Course

- Malaysian Budget 2019 Seminar
- Sustainability Reporting Workshop for Practitioners
- Preparing for GST Transition from 6% to 0%: Addressing Critical Issues

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Training for Directors (Cont'd)

Name of Course (Cont'd)

- How to Manage Impairment of Various Assets (Beyond IAS36/MFRS136): A Practical Approach to Understanding the Principles of Impairment of Assets
- MFRS 15 Revenue from Contracts with Customers
- Sales & Service Tax: Principles, Concepts and Compliance

However, every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself with enhanced knowledge and effectively contribute his duties to the Board. The Company Secretary circulated from time to time the relevant guidelines on statutory and regulatory requirements to the Directors.

### Board Committees

The Board delegates some of its authorities to Board Committees. The Board entrust the Committees with specific duties and responsibilities to oversee the Group's affairs and act on behalf of the Board in accordance with their respective Terms of Reference. Key issues and decisions arising from Board Committees are referred to the Board for deliberation and decision.

The Board Committees are as follows:

- **Audit Committee**

The Audit Committee composed of all Independent Non-Executive Directors, and is chaired by Dato' Dennis Chuah.

Details of the composition and the activities of the Audit Committee during the financial year are set out under the Audit Committee Report on pages 34} to 36}.

- **Nominating Committee**

The Nominating Committee was established on 18 January 2002. The Nominating Committee comprises wholly of Independent Non-Executive Directors as follows:

Sudesh A/L K. V. Sankaran	- Independent Non-Executive Director	(Chairman)
Dato' Dennis Chuah	- Independent Non-Executive Director	(Member)
Loh Yee Sing	- Independent Non-Executive Director	(Member)

The Nominating Committee meets as and when necessary. The role of the Nominating Committee is set out in its terms of reference and available for reference on the Company's website at [www.attaglobalgroup.com](http://www.attaglobalgroup.com).

The activities of the Nominating Committee during the financial year are as follows:

- Recommended to the Board, candidates for all directorships to be filled in the Board and Board Committees.
- Reviewed the mix of skills, independence, experience and other qualities of the Board.
- Reviewed the performance of the Directors who are due for re-election/re-appointment at the next Annual General Meeting.
- Assessed the independence of the Independent Directors.
- Reviewed the training needs of Directors.
- Reviewed the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with terms of reference.
- Ensuring there is a proper succession planning for the Directors and Key Management.
- Reviewed and recommended to the Board the re-appointment and re-election of Directors.
- Reviewed the annual assessment of the effectiveness of the Board, committees and individual directors annually using a set of customized self-assessment questionnaires to be completed by each Director; with the following criteria used:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Board Committees (Cont'd)

#### • Nominating Committee (Cont'd)

The activities of the Nominating Committee during the financial year are as follows: (Cont'd)

Board of Directors	Audit Committee
Board Structure	Quality and Composition
Board Operations	Skills and Competencies
Board Roles and Responsibilities	

The results of the self-assessment by Directors and Board's effectiveness as a whole and the same would be tabled to the Board for review and deliberation. The Nominating Committee upon its assessment carried out for the financial year ended 31 March 2019 was satisfied:

- with its current board size and the effectiveness of the Board/Board Committee and sufficient with appropriate mix of knowledge, wide and varied technical, financial and commercial experience.
- the Board has been able to discharge its duties professionally and effectively.
- the Independent Non-Executive Directors comply with the definition of Independent Non-Executive Directors as defined by the Main Market Listing Requirements.
- the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as none of them holds more than 5 directorships in public listed companies.

#### • Remuneration Committee

The Remuneration Committee was established on 18 January 2002. The Remuneration Committee comprises mainly of Independent Non-Executive Directors as follows:

Sudesh A/L K. V. Sankaran	- Independent Non-Executive Director	(Chairman)
Dato' Dennis Chuah	- Independent Non-Executive Director	(Member)
Ooi Chieng Sim	- Executive Chairman	(Member)

The Remuneration Committee meets as and when necessary. The role of the Remuneration Committee is set out in its terms of reference and available for reference on the Company's website at [www.attaglobalgroup.com](http://www.attaglobalgroup.com).

#### • Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee was established on 18 October 2012. The ESOS Committee comprises the following:

Ooi Chieng Sim	- Executive Director	(Chairman)
Ng Chin Nam	- Executive Director	(Member)
Siva Raman A/L S. Ramasamy	- Group Financial Controller	(Member)

### Remuneration of Directors

The remuneration of Directors is reviewed periodically giving due recognition to performance, industry norms and competitive pressures so as to ensure that the Group can attract and retain executives of the necessary quality. The details of the remuneration of Directors are as follows:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

### Executive Directors' Remuneration

Company

Name of Directors	Salary	Fee	Other Emoluments	Defined Contribution	Benefits in Kind
Executive Director					
Ooi Chieng Sim	RM264,000	-	-	RM31,680	-
Ng Chin Nam	-	-	-	-	-
Chow Choon Hoong	-	-	-	-	-
Non-Executive Director					
Tan Kim Hee	-	RM18,000	-	-	-
Sudesh A/L K. V. Sankaran	-	RM18,000	-	-	-
Dato' Dennis Chuah	-	RM18,000	-	-	-
Loh Yee Sing	-	RM18,000	-	-	-

Group

Name of Directors	Salary	Fee	Other Emoluments	Defined Contribution	Benefits in Kind
Executive Director					
Ooi Chieng Sim	RM264,000	-	-	RM31,680	-
Ng Chin Nam	RM129,600	-	RM10,800	RM15,552	-
Chow Choon Hoong	RM120,000	-	RM10,000	RM14,400	-
Non-Executive Director					
Tan Kim Hee	-	RM18,000	-	-	-
Sudesh A/L K. V. Sankaran	-	RM18,000	-	-	-
Dato' Dennis Chuah	-	RM18,000	-	-	-
Loh Yee Sing	-	RM18,000	-	-	-

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Risk Management and Internal Control

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Statement on Risk Management and Internal Control is set out on pages 32} to 33} of this Annual Report.

In accordance with the Code and the Main Market Listing Requirements of Bursa Securities, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. The Audit Committee had also undertaken an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.

# **CORPORATE GOVERNANCE OVERVIEW STATEMENT** (CONT'D)

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)**

### ***Assessment of Suitability and Independence of External Auditors ("EA")***

The Audit Committee ("AC") had on 29 May 2019 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within the Group's timeline. The AC then decided to recommend for the Board's approval the re-appointment of Messrs. Grant Thornton as EA of the Company for the financial year ending 31 March 2020. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, Grant Thornton, and the quality of their communications with the AC and the Group, based on the feedback obtained via assessment questionnaires from the Company's personnel who had regular contact with the EA team, Grant Thornton throughout the year. The AC also took into account the openness in communication and interaction with the lead audit engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. Grant Thornton had also confirmed their independence throughout the conduct of their audit engagement with ATTA Group in accordance with the independence criteria set.

The AC was satisfied with the suitability of Grant Thornton based on their quality of service and sufficiency of resources. Having regard to the outcome of the evaluations and the annual assessment of EA which supported the AC's recommendation on the suitability and independence of the EA, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of Grant Thornton as EA of the Company for the financial year ending 31 March 2020.

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

### ***Relationship with Auditors***

The Board has established a formal and transparent arrangement to meet the EA's professional requirements. The EA have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention. The Audit Committee will have a private session with the EA without the presence of any executive of the Group at least twice a year. Liaison and unrestricted communication exist between the AC and the EA. The AC obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the EA. The EA are invited to attend the Company's AGM.

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 34} to 36} of the Annual Report.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### ***Investor Relations and Communication***

The Board believes that shareholders should be informed of all material business matters which influence the Group. Besides the key channels of communication through the Annual Report, general meetings and announcements to Bursa Securities, there is also continuous effort to enhance the Group's website at [www.attaglobalgroup.com](http://www.attaglobalgroup.com) as a channel of communication and information dissemination.

The Group welcomes dialogue with investors and financial analysts from time to time as a means of effective communication that enables the Board and Management to convey permissible information about the Group's performance, corporate strategy and major development plans.

The Annual General Meeting ("AGM") remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst Shareholder, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as the Directors and the representatives of the external Auditors will be present to answer any questions that they may have.

### ***Poll Voting***

As stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting of all resolutions at general meetings shall be carried by way of poll.

# **CORPORATE GOVERNANCE OVERVIEW STATEMENT** (CONT'D)



## **COMPLIANCE WITH THE CODE**

The Board is satisfied that the Company has complied with the Best Practices in Corporate Governance and relevant principles and recommendations as set out in the Code save for those exceptions set out below:

- Practice 4.1 - At least half of the board comprises independent directors.
- Practice 4.5 - The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.
- Practice 7.2 - The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- Practice 12.3 - Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate –
  - including voting in absentia; and
  - remote shareholders' participation at General Meetings.

The explanation for departure is further disclosed in the Corporate Governance Report.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and it is read together with the CG Report which is available on the Company's website, [www.attaglobalgroup.com](http://www.attaglobalgroup.com).

The CG Overview Statement was approved by the Board of Directors of ATTA Global Group Berhad on 12 July 2019.

## **CORPORATE SOCIAL RESPONSIBILITY**

ATTA Group believes that a good management of Corporate Social Responsibility (“CSR”) is considered as a requirement to meet the evolving needs in a fast-paced business environment. The rising expectations for a sustainable business practices from our stakeholders always drives us to ensure social responsibilities are not being ignored in the course of pursuing business growth.

CSR principles are shared with our employees to ensure their duties are performed with an awareness of social responsibilities. As part of our commitment to staff development, we encourage our employees to upgrade and join various learning and development programs throughout the year.

We also encourage our employees to be environmental friendly by using recycled paper and switching off lighting and air-conditioning using office breaks and/or when not use to save energy.

As a responsible corporate organization, ATTA Group provides practical industrial training to under-graduates from polytechnic and universities for the purpose of industrial trainings as some of our initiatives that demonstrate our commitment towards the community.

On environmental point of view, ATTA always maintain good manufacturing practices and adhere to government environmental policies at all times whereby all our manufacturing units maintain its own waste reduction plans.

## **STATEMENT OF DIRECTORS' RESPONSIBILITY**



The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps in safeguarding the assets of the Group and Company for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company for the prevention and detection of fraud and other irregularities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), the Board of Directors of ATTA Global Group ("ATTA" or "the Group") is pleased to include the following Statement of Risk Management & Internal Control ("the Statement") in this annual report.

## Board's Responsibilities

The Board of Directors ("the Board") recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity.

In addition, the Board has also received assurance from the Executive Directors and Group Financial Controller, who are primarily responsible for the management of the Group's financial affairs, that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to the inherent limitations in any risk management and internal control system, such system put into effect by Management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

## Key Features of The Group's Risk Management and Internal Control System

Key elements of the Group's risk management and internal control system that facilitates the proper conduct of the Group's businesses are described below:

### 1. Risk Management System

The Risk Management Committee, which is made up of key management staff and Executive Directors, review the risk profiles of the Group. The key risks relating to the Group's strategic and business plans are addressed at the Board and Senior Management Meetings on a periodical basis. In addition, the responsibility of managing the risks of each department within the Group lies with the respective Heads of Department and it is during the periodic management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Executive Directors and Senior Management.

During the period under review, the process was carried out through management meetings held to discuss key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage risks. This process has been in place for the year under review and up to the date of approval of this Statement.

### 2. Internal Control System

Other elements of the Group's internal control system include:

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organizational structure with clear delegation of responsibilities and accountabilities. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures to enhance the internal control system of the Group's various business units.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)



## Key Features of The Group's Risk Management and Internal Control System

Key elements of the Group's risk management and internal control system that facilitates the proper conduct of the Group's businesses are described below: (Cont'd)

### 2. Internal Control System (Cont'd)

Other elements of the Group's internal control system include: (Cont'd)

- Group Policies and Procedures

Documented policies and procedures are in place and are regularly reviewed and updated so as to ensure that they maintain their effectiveness and continue to support the Group's business activities as the Group continues to grow.

Certain subsidiaries within the Group are ISO 9001 certified. With this certification, reviews are conducted by independent ISO auditors particularly to ensure compliance with terms and conditions of the respective certifications.

- Information and PCommunication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure matters that require the Board's and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

- Monitoring and Review

The Executive Directors are closely involved in the daily operations and are responsible for the business performances of the respective business units. Daily operations of the Group are monitored through attendance at management meetings and informal discussions. Significant issues are brought to the attention of the Board, where necessary.

The quarterly financial statements are presented to the Board for their review, consideration and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

### 2. Internal Audit Function

The Group's internal audit function is to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. They report directly to the Audit Committee.

Based on the Audit Committee's assessment of risks faced by ATTA, the Audit Committee has appointed a service provider to conduct a specific scope assessment of the cash collection control management processes of Metal Perforators (Malaysia) Sdn Bhd ("MPM") and Duro Metal Industrial (M) Sdn.Bhd. ("DURO"), subsidiaries of ATTA. The results of the assessment had been discussed with Senior Management and subsequently, the findings, including the recommendations for improvement was reported to the Audit Committee at their next scheduled meeting. The total professional fees for the abovementioned specific scope assessment is RM10,500.

## Review of this Statement

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the 2019 Annual Report. This Statement is reviewed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

## Conclusion

The Board is of the view that the Group's risk management and internal control system is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This Statement is made in accordance with the resolution of the Board dated 12 July 2019.

# AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Atta Global Group Berhad ("ATTA" or "the Company") is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 March 2019 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance 2017 ("MCCG").

In performing their duties and discharging their responsibilities, the AC is guided by its Board Charter and also its Terms of Reference ("TOR") which are available on the Company's website at [www.attaglobalgroup.com](http://www.attaglobalgroup.com).

## Compositions and Meetings

The Audit Committee comprises three members, all of whom are Independent Non-Executive Directors; and has complied with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which require the Audit Committee to have no fewer than 3 members, all members to be Non-Executive Directors.

The Audit Committee, Loh Yee Sing is a member of the Malaysian Institute of Accountant and accordingly, the Company also meets the requirement of Paragraph 15.09(c)(i) of the Main LR of Bursa Securities in that one of its members is a fellow member of the Malaysian Institute of Accountants and Australian Chartered Accountants. All members of the AC are financially literate and are able to analyze and interpret financial statements in order to effectively discharge their duties and responsibilities as members of AC.

During the financial year ended 31 March 2019, a total of five (5) Audit Committee Meetings were held on 28 May 2018, 11 July 2018, 28 August 2018, 27 November 2018 and 21 February 2019 respectively. Representatives of the external and internal auditors were present by invitation at the meetings.

The details of the Audit Committee Members and their attendance at meetings are as follows:

Name of Member		No. of Meetings Attended
Dato' Dennis Chuah	- Independent Non-Executive Director (Chairman)	4 out of 5
Sudesh A/L K.V. Sankaran	- Independent Non-Executive Director (Member)	5 out of 5
Loh Yee Sing	- Independent Non-Executive Director (Member)	5 out of 5

The Audit Committee Chairman meets regularly with senior management to be kept informed of matters affecting the Group. The Group's external auditors were in attendance at three (3) meetings during the financial year. Discussions between the Audit Committee and the external auditors were held in two (2) of the said meetings without the presence of any Group executives.

The Company Secretary shall be the Secretary of the Audit Committee. The Secretary shall maintain minutes of the proceedings of the meetings of the Audit Committee and circulate such minutes to all members of the Board. Other Board members, the Group Financial Controller ("GFC") and employees were invited to facilitate direct communication and also to provide clarification on financial/audit issues and the Group's operation matters and the GFC will brief the AC on specific issues arising from the audit reports or any matters of interest. The AC Chairman presented to the Board the Committee's recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors ("EA") or Internal Auditors ("IA"). The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the EA or IA in the respective quarterly presentations.

The terms of reference ("TOR") was reviewed and revised in July 2019 to reflect the requirement of the applicable practices and guidance of the MCCG.

The Nominating Committee reviews the terms of office of the Audit Committee members and assesses the performance of the Audit Committee and its members through an annual effectiveness evaluation. The Nominating Committee is satisfied that the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.



## SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 March 2019 in the discharge of its duties and responsibilities:

### a) External Audit

- i) Reviewed the scope of work and the Audit Planning Memorandum of the EA which includes reporting responsibilities and deliverables, audit approach, scope and audit and non-audit fees for statutory audits of the Group account and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 March 2019 prior to recommending to the Board for approval.
- ii) Reviewed with the EA on audit materiality and setting of materiality thresholds for the FYE 2019 audit.
- iii) Reviewed and discuss the results of their audit report and management letter together with management's responses to their audit findings, including corrective actions taken by the management on outstanding audit issues highlighted in the previous audit.
- iv) Met with the EA twice without the presence of management including the Executive Director and GFC to discuss issues requiring attention/significant matters arising from the audit. The EA had highlighted the areas of concern and they have received full co-operation from the management.
- v) Reviewed and evaluated the performance of the EA and their independence, objectivity and professionalism and assessment questionnaires were used as a tool for the assessment and made recommendations to the Board on their re-appointment. The EA provided assurance that they were and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

### b) Financial Reporting

- i) Reviewed the Group's unaudited quarterly financial statements, ensure compliance with the Companies Act 2016, Main LR, applicable accounting standards and other legal and regulatory requirement before recommending them to the Board for approval for announcement to Bursa Securities. In discharging this role, the Audit Committee deliberated with the officers of the Group and EA on the following matters:
  - New accounting standards application during the financial year 2019;
  - Revenue recognition;
  - Valuation of investment properties;
  - Net valuation for inventories; and
  - Impairment of trade receivables.
- ii) Reviewed the audited financial statements of the Company and Group with EA to ensure compliance with the provisions of the Companies Act 2016 and the applicable accounting standards prior to submission to the Board for approval.
- iii) To safeguard the integrity of information, the GFC had given assurance to the Audit Committee that:
  - appropriate accounting policies had been adopted and applied consistently;
  - the going concern basis applied in the Annual Financial Statement was appropriate;
  - prudent judgements and reasonable estimates had been made in accordance with the Malaysian Financial Reporting Standards (MFRS);
  - the Audited Financial Statement and Quarterly consolidated financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and its subsidiaries for year 2019.

### c) Internal Audit

- i) Reviewed and approved the internal audit plan, including the scopes and audit approach.
- ii) Reviewed and deliberated on the internal audit reports from the Internal Auditor Unit and management's response to the recommendations and presented the reports to the Board of Directors.
- iii) Carried out an annual review of performance of the Internal Auditor Unit including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

# **AUDIT COMMITTEE REPORT** (CONT'D)

## **SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE (Cont'd)**

d) Related Party Transactions

Reviewed the related party transactions to ensure they are transacted within the limit prescribed under the MMLR.

e) Annual Report

- i) Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report.
- ii) Presented the Audit Committee Report to the Board for approval and inclusion in the Annual Report.

## **INTERNAL AUDIT FUNCTION**

The Internal Audit function of the Group was outsourced to a professional internal audit service provider firm which undertakes independent, objective and systematic reviews of the risk management, internal controls system and corporate governance. The outsourced internal auditors report directly to the Audit Committee and assist the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group. The functions and responsibilities of the Internal Audit function are embodied in the Internal Audit Charter. The costs incurred by the Group in relation to the Internal Audit function for the financial year ended 31 March 2019 amounted to approximately RM10,500.

During the financial year ended 31 March 2019, the following activities were carried out by the Internal Audit function:

- Reviewed and assessed the adequacy and integrity of internal control systems of the Group covering the business processes/audit areas as detailed in the Statement on Risk Management and Internal Control;
- Attended Audit Committee meetings to table the Internal Audit Report on findings assessment on internal control system, highlighted the risk and implications, and recommended improvements to the Management on weaknesses found; and
- Reviewed and reported on the follow-up status of previous status findings taken by the Management.

Internal audits are carried out in accordance with the internal annual planning memorandum and reports are issued to the Audit Committee for tabling at the Audit Committee meeting. The Audit Committee deliberates on the findings and recommendations as reported by the Internal Auditors and continue to monitors to ensure appropriate follow-up actions are taken on the recommendations of the Internal Auditors.

## ADDITIONAL COMPLIANCE INFORMATION

### DETAILS OF THE RECURRENT RELATED PARTY TRANSACTIONS

There was no related party transaction during the financial year.

### UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company received proceeds amounting to RM97.794million from the issuance of 1,222,426,720 Irredeemable Convertible Preference Shares ("ICPS") at an issue price of RM0.08 per ICPS in December 2017. The proceeds have been utilized in the following manner as at 30 June 2019:

Purpose	Approved Utilisation RM'000	Amount Utilised RM'000	Balance Unutilized RM'000
Purchase of new equipment/machineries	6,550	4,078	2,472
Investment in new business	30,000	29,970	30
Upgrading of building	10,000	5,756	4,244
Working capital	50,244	49,325	919
Expenses in relation to the Proposal (ICPS)	1,000	763	237
Total:	<u>97,794</u>	<u>89,892</u>	<u>7,902</u>

### SANCTIONS AND/OR PENALTIES

There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

### AUDIT AND NON-AUDIT FEES

During the financial year, the audit fees paid or payable to the External Auditors by the Group and ATTA were RM147,000 and RM35,000 respectively.

The non-audit fees paid or payable by the Group and ATTA to the External Auditors and a company affiliated to the External Auditors were RM3,000 and RM32,700 respectively. The non-audit fees are in relation to review of Statement on Risk Management and Internal Control and Taxation Services.

### MATERIAL CONTRACTS AND CONTRACT RELATING TO LOAN AWARDED TO DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the end of the previous financial year.

## PROPERTIES OWNED BY THE GROUP

As at 30 June 2019

Location	Description	Tenure	Area	No. of Years Held	Age of Building	Net Book Value RM	Year of Valuation
<b>Atta Global Group Berhad</b>							
P.T. No. 1451 H.S. (D) No. 4696 Mukim 1, Province Wellesley Central, Penang	Factory	60 years lease to 2044	6.22247 acres	36	33	27,898,460	2018
<b>Atta Global Group Berhad/ SMPC Industries Sdn Bhd</b>							
P.T. Nos. 1460 & 1444 H.S. (D) Nos. 2719 & 2706 Mukim 1, Province Wellesley Central, Penang	Factory Office	60 years lease to 2045	4.01338 acres	23	28	18,052,242	2018
<b>SMPC Industries Sdn Bhd</b>							
Lot 717, 5 1/2 Miles Jalan Kapar, Klang Selangor Darul Ehsan	Factory Office	Freehold	8.16875 acres	23	22	27,182,249	2009
<b>Progerex Sdn Bhd</b>							
Lot 1501, 1502, Mukim 14, Kampung To' Suboh, Bukit Minyak, Simpang Ampat Seberang Perai Selatan, Penang	Land/ Rented	Freehold	2.259 acres	25	23	4,283,611	2019
Lot No. 3793, Mukim 6, Daerah Seberang Perai Tengah, Penang	6 Units of Apartment	Freehold		5	-	300,000	2019
Lot No. 4661, Mukim 07, Daerah Seberang Perai Utara, Pulau Pinang	Vacant Land	Freehold	0.5708 Hectares	5	-	300,000	2019
Lot No. 4707, Mukim 03, Daerah Seberang Perai Utara, Pulau Pinang	Vacant Land	Freehold	0.5837 Hectares	5	-	250,000	2019
Lot No. 10084, Bandar Gurun Daerah Kuala Muda, Negeri Kedah	Factory Office	Freehold	7,041sm	3	-	3,200,000	2019
Lot 1435 Sekyen 5, Bandar Bukit Mertajam, Daerah Seberang Perai, Selatan, No. 3, Solok Betik 1, Taman Jaya 14000 Bukit Mertajam	Shop Lot	Freehold	130.0000sm	5	-	1,581,158	2014
<b>SMPC Marketing Sdn Bhd</b>							
Lot 176, Tempat Macang Kudung Mukim Jabi, Daerah Pokok Sena, Kedah	Vacant Land	Freehold	2.257 acres	18	-	128,000	2001
<b>Duro Metal Industrial (M) Sdn Bhd</b>							
2 <sup>nd</sup> Floor Unit of 4 Storey Shop Office in Taman Kinrara, Puchong, H.S. (M) 22709, PT 19499 Mukim Petaling, Selangor	Office	99 years lease to 2098	1,114sf	19	19	139,425	1999
Zone 5A, Parcel 2, Lot 5418, Mukim Senai-Kulai, Johor Darul Takzim	Apartment	Freehold	885sf	19	19	50,615	2001

## PROPERTIES OWNED BY THE GROUP (CONT'D)

As at 30 June 2019

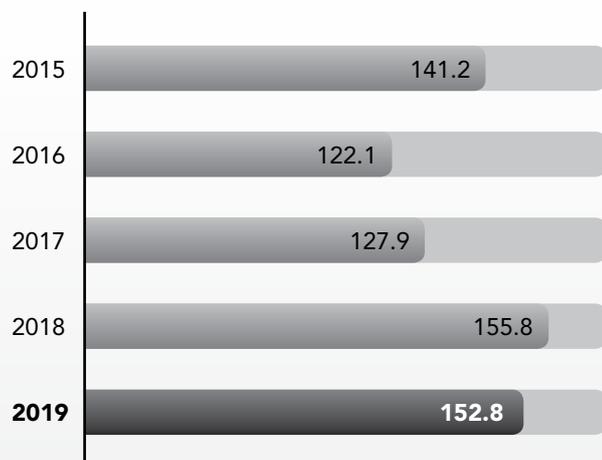


Location	Description	Tenure	Area	No. of Years Held	Age of Building	Net Book Value RM	Year of Valuation
<b>Metal Perforators (Malaysia) Sdn Bhd</b>							
Lot 5 & 7, Jalan Tukang 16/4, P.O. Box 7045, 40700 Shah Alam, Selangor	Leasehold Land Factory Office	99 years lease to 2071 & 2069	32,000sf 24,500sf	47 & 49	37	2,433,659	2005
<b>Kembang Kartika Sdn Bhd</b>							
Lot Nos. 228 and 1697 Mukim of Pekula, District of Kuala Muda, State of Kedah	Vacant Land	Freehold	10.4444 4.444 hectares	6	-	15,500,000	2012
<b>Park Avenue Construction (M) Sdn Bhd</b>							
Lot No. 410, Mukim 2, Daerah Barat Daya, Penang	Vacant Land	Freehold	23,725sf	6	-	1,924,592	2010
<b>Tetap Gembira Sdn Bhd</b>							
Lot 71113, Mukim 12, Tempat Sg. Nibong, Daerah Barat Daya, Penang	Under Development	Freehold	2,918sm	-	-	10,749,213	2017
<b>Sparkle Gateway Sdn Bhd</b>							
Lot No. 1047 Sekyen 13, Bandar GeorgeTown, Daerah Timor Laut, Pulau Pinang – No. 56 Jalan Larut, 10050 Pulau Pinang	Commercials Building	Freehold	1.590.91sm	-	-	18,000,000	2018
<b>Sunrise Manner Sdn Bhd</b>							
Lot 1146 Jalan Seladang Alma 14000 Bukit Mertajam, Pulau Pinang	Under Development/ Vacant Land	Freehold	53,443.14 sm	-	-	37,003,256	2018

# FINANCIAL HIGHLIGHTS

## REVENUE

(RM Million)



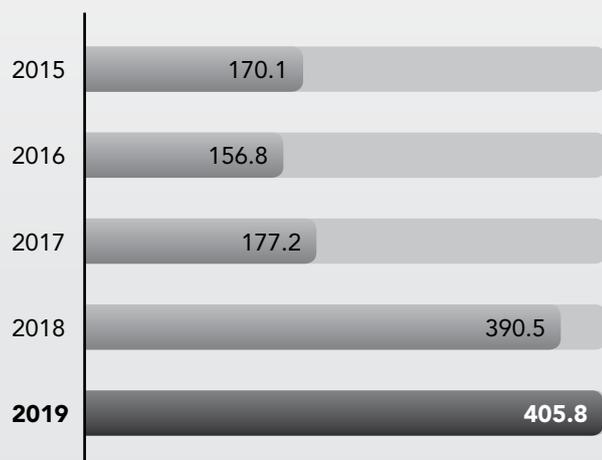
## PROFIT/(LOSS) BEFORE TAX

(RM Million)



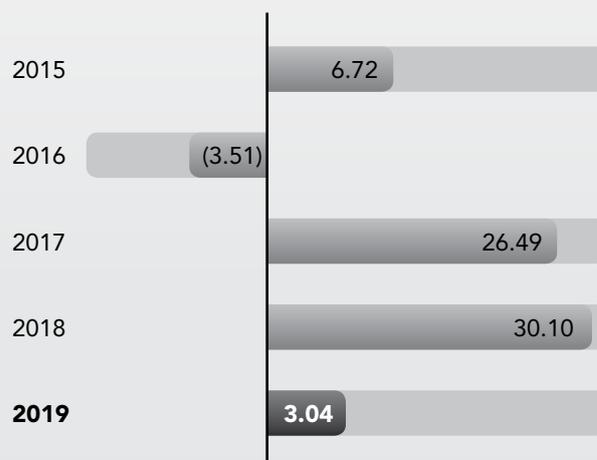
## TOTAL ASSETS

(RM Million)



## EARNINGS/(LOSS) PER SHARE

(RM Million)



# STATISTICS ON SHAREHOLDINGS

As At 28 June 2019

Total Number of Shares Issued	: 213,318,162 (Excluding 774 Treasury Shares)
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per Ordinary Shares

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	280	9.66	8,612	0.00
100 - 1,000	1,041	35.91	344,229	0.16
1,001 - 10,000	985	33.98	5,021,143	2.36
10,001 - 100,000	526	18.14	16,411,585	7.69
100,001 - 10,665,907 (*)	64	2.21	73,031,608	34.24
10,665,908 and above (**)	3	0.10	118,500,985	55.55
<b>Total</b>	<b>2,899</b>	<b>100.00</b>	<b>213,318,162</b>	<b>100.00</b>

**Note:** \* - Less than 5% of issued holdings  
 \*\* - 5% and above of issued holdings

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares					
		Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
1	Ooi Chieng Sim	21,980,985	10.30	-	-	21,980,985	10.30
2	Ng Chin Nam	187,193	0.09	3,582 <sup>1</sup>	0.00	190,775	0.09
3	Chow Choon Hoong	-	-	-	-	-	-
4	Sudesh A/L K.V. Sankaran	52,000	0.02	-	-	52,000	0.02
5	Dato' Dennis Chuah	-	-	-	-	-	-
6	Loh Yee Sing	-	-	-	-	-	-
7	Tan Kim Hee	46,500,000	21.80	-	-	46,500,000	21.80

By virtue of his interest in the shares of the Company, **Mr. Tan Kim Hee** is also deemed to have an interest in shares of all its related companies, to the extent that the Company and the holding company has interests.

Other than above, none of the other Directors had any interest in shares in the Company or its related companies.

Notes:

1. Deemed interested by virtue of his spouse's interest pursuant to Section 59(11)(c) of the Companies Act 2016.

## SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company.

No.	Name of Substantial Shareholders	No. of Shares	%
1	G REKA PERUNDING SDN BHD	50,020,000	23.45
2	TAN KIM HEE	46,500,000	21.80
3	O O I C H I E N G S I M	21,980,985	10.30

## STATISTICS ON SHAREHOLDINGS (CONT'D)

As At 28 June 2019

### 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	G REKA PERUNDING SDN. BHD.	50,020,000	23.45
2	TAN KIM HEE	42,500,000	19.92
3	OOI CHIENG SIM	21,647,168	10.15
4	MONT PRISTINE DEVELOPMENT SDN. BHD.	9,980,000	4.68
5	A1 CAPITAL SDN BHD	9,509,100	4.46
6	HLS PROPERTIES SDN. BHD.	8,765,900	4.11
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	6,000,000	2.81
8	LIM KEAN WAH	5,550,000	2.60
9	KANG KHOON SENG	4,201,800	1.97
10	TAN KIM HEE	4,000,000	1.87
11	GAINFACTOR SDN. BHD.	2,450,000	1.15
12	BOEY CHEE KUN	1,475,900	0.69
13	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	1,400,000	0.66
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KOK KHEANG	1,380,119	0.65
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SOON TANG	1,357,100	0.64
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN ING KIONG	1,334,872	0.63
17	ONG CHIN KANG	1,221,500	0.57
18	HLS PROPERTIES SDN. BHD.	1,106,100	0.52
19	KHOON WENG REALTY SDN. BHD.	920,200	0.43
20	KANG KHOON HUA	901,000	0.42
21	TEH SWEE KIM @ OOI SWEE KIM	850,000	0.40
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	830,500	0.39
23	NG KWENG CHAN	770,000	0.36
24	OON PENG KENG	707,625	0.33
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH MOOI CHOO (E-PPG)	691,573	0.32
26	KANG KHOON SENG	613,900	0.29
27	TEH KIM CHYE	580,000	0.27
28	GOH LEE HIAN	570,663	0.27
29	METALINK INDUSTRIES SDN. BHD.	570,000	0.27
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	558,200	0.26
	<b>TOTAL</b>	<b>182,463,220</b>	<b>85.54</b>

# ANALYSIS OF WARRANTS B HOLDINGS

As At 28 June 2019



Class of Securities : Warrant B 2012/2022  
 No. of Outstanding Warrant B : 24,619,674  
 Voting Rights : Voting Rights : 1 vote per Warrant B in respect of a meeting of Warrant B holders

## ANALYSIS OF WARRANTS B HOLDINGS AS AT 28 JUNE 2019

Size of Shareholdings	No. of Warrant B Holders	% of Warrant B Holders	No. of Warrant B	% of Warrant B Issued
Less than 100	240	29.23	9,363	0.04
100 - 1,000	124	15.11	58,290	0.24
1,001 - 10,000	150	18.27	664,504	2.70
10,001 - 100,000	261	31.79	9,360,740	38.02
100,001 - 1,230,982 (*)	46	5.60	14,526,777	59.00
1,230,983 and above (**)	-	-	-	-
<b>Total</b>	<b>821</b>	<b>100.00</b>	<b>24,619,674</b>	<b>100.00</b>

**Note:** \* - Less than 5% of issued holdings  
 \*\* - 5% and above of issued holdings

## DIRECTORS' INTEREST AS AT 28 JUNE 2019

No.	Name of Directors	Direct No. of Warrant B	No. of Shares		%
			%	Deemed No. of Warrant B	
1	Ooi Chieng Sim	-	-	81 <sup>1</sup>	0.00
2	Ng Chin Nam	3,979	0.02	-	-
3	Chow Choon Hoong	-	-	-	-
4	Sudesh A/L K.V. Sankaran	-	-	-	-
5	Dato' Dennis Chuah	-	-	-	-
6	Loh Yee Sing	-	-	-	-
7	Tan Kim Hee	-	-	-	-

Notes:

1. Deemed interested by virtue of his interest in Hock Lok Siew Realty Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

# ANALYSIS OF WARRANTS B HOLDINGS (CONT'D)

As At 28 June 2019

## 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,151,387	4.68
2	LIM CHIN PO	887,166	3.60
3	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW KIM HWA	884,900	3.59
4	SAW GUAT NGOH	740,300	3.01
5	LEONG HON WAH	725,411	2.95
6	EE CHAI CHAI	634,102	2.58
7	TAN KHENG BOON @ TAN KHENG CHENG	626,974	2.55
8	KANAJAYA SDN BHD	575,693	2.34
9	NG WEI CHIEN	524,141	2.13
10	LIM KAM YOKE	515,694	2.09
11	LEE POO TECK	500,000	2.03
12	TAN KHENG HUAT	478,000	1.94
13	CHU YEE LIM	451,200	1.83
14	RAYMOND TAN HOCK SENG	433,054	1.76
15	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	402,985	1.64
16	HLS PROPERTIES SDN. BHD.	300,000	1.22
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD KOW WENG CHEANG	268,138	1.09
18	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEW KIM HWA (MY1207)	264,000	1.07
19	CHAN KWANG YEW	254,019	1.03
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG HON WAH	250,038	1.02
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK KUAN (E-TSA)	190,089	0.77
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIM KAH ENG	177,738	0.72
23	TAN EE HUNG	170,600	0.69
24	TEH KOK MING	169,330	0.69
25	PANG SIEW LIN	160,155	0.65
26	KUMPULAN PITCHAI SDN BHD	157,504	0.64
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG AH CHUAN	155,437	0.63
28	EINSTEIN TAY	153,507	0.62
29	HO YEW MING	152,174	0.62
30	CHAN KOK WENG	150,000	0.61
	<b>TOTAL</b>	<b>12,503,736</b>	<b>50.79</b>

# ANALYSIS OF WARRANTS C HOLDINGS

As At 28 June 2019



Class of Securities : Warrant C 2014/2024  
 No. of Outstanding Warrant C : 4,837,053  
 Voting Rights : 1 vote per Warrant C in respect of a meeting of Warrant C holders

## ANALYSIS OF WARRANTS C HOLDINGS AS AT 28 JUNE 2019

Size of Shareholdings	No. of Warrant C Holders	% of Warrant C Holders	No. of Warrant C	% of Warrant C Issued
Less than 100	37	18.50	1,489	0.03
100 - 1,000	29	14.50	13,529	0.28
1,001 - 10,000	52	26.00	217,230	4.49
10,001 - 100,000	71	35.50	2,723,632	56.31
100,001 - 241,851 (*)	9	4.50	1,154,071	23.86
241,852 and above (**)	2	1.00	727,102	15.03
<b>Total</b>	<b>200</b>	<b>100.00</b>	<b>4,837,053</b>	<b>100.00</b>

**Note:** \* - Less than 5% of issued holdings  
 \*\* - 5% and above of issued holdings

## DIRECTORS' INTEREST AS AT 28 JUNE 2019

No.	Name of Directors	Direct No. of Warrant C	No. of Shares		%
			%	Deemed No. of Warrant C	
1	Ooi Chieng Sim	-	-	-	-
2	Ng Chin Nam	2,787	0.06	-	-
3	Chow Choon Hoong	-	-	-	-
4	Sudesh A/L K.V. Sankaran	-	-	-	-
5	Dato' Dennis Chuah	-	-	-	-
6	Loh Yee Sing	-	-	-	-
7	Tan Kim Hee	-	-	-	-

# ANALYSIS OF WARRANTS C HOLDINGS (CONT'D)

As At 28 June 2019

## 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	LIEW JIEW CHOO	368,102	7.61
2	TAN SEE EAN	359,000	7.42
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHEAH CHEE SIONG (PB)	175,000	3.62
4	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW KIM HWA (6000110)	158,942	3.29
5	OOI CHEE MIN	143,477	2.97
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN VI LANG	123,337	2.55
7	CHU YEE LIM	115,756	2.39
8	OOI HUNG HOCK	115,138	2.38
9	POH CHONG JOO	115,138	2.38
10	LOH CHEE KONG	106,833	2.21
11	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR EWE HONG KHOON	100,450	2.08
12	TEE HOCK SENG	97,569	2.02
13	KHOO POH CHYE	94,413	1.95
14	TAN EE HUNG	92,569	1.91
15	LEONG HON WAH	86,354	1.79
16	KENANGA NOMINEES (TEMPATAN) SDN BHD ABDUL RASIK BIN TALIP (012)	85,600	1.77
17	WU SONG SEE @ GOH SONG SEE	82,111	1.70
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG KOK KIEN (E-BPT)	80,600	1.67
19	LEE FOOK ON	79,990	1.65
20	HO YEW KONG	79,872	1.65
21	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN BOON YOK (SMT)	77,585	1.60
22	LEE FOONG SIEN	69,083	1.43
23	SAW GUAT NGOH	65,000	1.34
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO AH KHOW	57,569	1.19
25	YONG SWEE KOON	56,533	1.17
26	CHAI SAD LIAN	56,000	1.16
27	TEY CHAI SENG	50,661	1.05
28	HLS PROPERTIES SDN. BHD.	50,000	1.03
29	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD CHEONG CHUNG WAI (8110207)	48,128	0.99
30	LOH CHEE KONG	47,897	0.99
	<b>TOTAL</b>	<b>3,238,707</b>	<b>66.96</b>

## ANALYSIS OF ICULS HOLDINGS

As At 28 June 2019

Class of Securities	: Zero Coupon, 10-Year, Irredeemable Convertible Unsecured Loan Stock ("ICULS")
No. of ICULS Issued	: 230,934,880
No. of Outstanding ICULS	: 123,489,869
Voting Rights	: 1 vote per ICULS holder in respect of a meeting of ICULS holders

### ANALYSIS OF ICULS AS AT 28 JUNE 2019

Size of Shareholdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS	% of ICULS Issued
Less than 100	2	0.23	180	0.00
100 - 1,000	35	4.08	17,691	0.01
1,001 - 10,000	207	24.13	1,359,998	1.10
10,001 - 100,000	435	50.70	17,931,700	14.52
100,001 - 6,174,492 (*)	176	20.51	77,250,100	62.56
6,174,493 and above (**)	3	0.35	26,930,200	21.81
<b>Total</b>	<b>858</b>	<b>100.00</b>	<b>123,489,869</b>	<b>100.00</b>

**Note:** \* - Less than 5% of issued holdings  
 \*\* - 5% and above of issued holdings

### DIRECTORS' INTEREST AS AT 28 JUNE 2019

No.	Name of Directors	Direct No. of ICULS	No. of Shares		%
			%	Deemed No. of ICULS	
1	Ooi Chieng Sim	-	-	-	-
2	Ng Chin Nam	-	-	-	-
3	Chow Choon Hoong	-	-	-	-
4	Sudesh A/L K.V. Sankaran	-	-	-	-
5	Dato' Dennis Chuah	-	-	-	-
6	Loh Yee Sing	-	-	-	-
7	Tan Kim Hee	-	-	-	-

# ANALYSIS OF ICULS HOLDINGS (CONT'D)

As At 28 June 2019

## 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHER KHAN BIN KHAN MOHAMAD (CEB)	8,176,100	6.62
2	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	8,086,700	6.55
3	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	6,800,000	5.51
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN ING KIONG	4,964,300	4.02
5	HLS PROPERTIES SDN. BHD.	4,119,800	3.34
6	LIM SEOW CHIN	3,854,500	3.12
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SUN PING	3,838,100	3.11
8	ONG CHIN KANG	3,200,000	2.59
9	POH HONG SWEE	3,000,000	2.43
10	CHEW SAW BEE	2,399,100	1.94
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHEAH CHEE SIONG (MY1891)	1,965,800	1.59
12	TOH BOK PIEW	1,784,700	1.45
13	LIM SHIOU GHAY	1,499,000	1.21
14	A1 CAPITAL SDN BHD	1,350,000	1.09
15	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,300,000	1.05
16	LIM CHIN PO	1,260,600	1.02
17	CHIOK KIAN CHAU	1,119,400	0.91
18	KHOW ENG GUAN	1,085,000	0.88
19	A1 CAPITAL SDN BHD	1,000,000	0.81
20	JS NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIM YEE YIK (MY3081)	900,000	0.73
21	WONG SOK YENG	895,000	0.72
22	CHIANG TECK SOO	815,000	0.66
23	LIM YEN EE	800,000	0.65
24	TAN FOOK CHIN	768,800	0.62
25	GWEE ENG SENG	720,000	0.58
26	LE CHANG LOW	710,000	0.57
27	KANG KHOON SENG	650,000	0.53
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD TUANG YUET HWA	643,000	0.52
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KEE AIK	630,000	0.51
30	YAP YAN LIN	614,000	0.50
	<b>TOTAL</b>	<b>68,948,900</b>	<b>55.83</b>

# ANALYSIS OF ICPS HOLDINGS

As At 28 June 2019



Class of Securities	: Irredeemable Convertible Preference Shares ("ICPS") 2017/2022)
No. of ICPS Issued	: 1,222,426,720
No. of Outstanding ICPS	: 1,171,961,720
Voting Rights	: 1 vote per ICPS holder in respect of a meeting of ICPS holders : The ICPS holders are not entitled to any voting rights or participation in any rights, allotments and/or other distribution in the Company except in the following circumstances until and unless such holders convert their ICPS into new Shares: (a) on a proposal for the winding-up, liquidation, compromise and/or arrangement of the Company for the winding-up, liquidation, compromise and/or arrangement of the Company and during the winding-up, liquidation, compromise and/or arrangement of the Company; (b) any resolution which varies or is deemed to vary the rights and privileges attached to the ICPS; (c) any resolution to reduce the share capital of the Company; (d) any resolution for the purposes of sanctioning the disposal of the whole or a substantial part (as defined in Section 223 of the Companies Act 2016) of the property, business, or undertaking of the Company; and (e) other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time.

## ANALYSIS OF ICPS AS AT 28 JUNE 2019

Size of Shareholdings	No. of ICPS Holders	% of ICPS Holders	No. of ICPS	% of ICPS Issued
Less than 100	12	2.17	690	0.00
100 - 1,000	31	5.62	18,146	0.00
1,001 - 10,000	96	17.39	542,924	0.05
10,001 - 100,000	244	44.20	10,255,544	0.87
100,001 - 58,598,085 (*)	163	29.53	245,128,144	20.92
58,598,086 and above (**)	6	1.09	916,016,272	78.16
<b>Total</b>	<b>552</b>	<b>100.00</b>	<b>1,171,961,720</b>	<b>100.00</b>

**Note:** \* - Less than 5% of issued holdings  
\*\* - 5% and above of issued holdings

## DIRECTORS' INTEREST AS AT 28 JUNE 2019

No.	Name of Directors	Direct No. of ICPS	No. of Shares		
			%	Deemed No. of ICPS	%
1	Ooi Chieng Sim	-	-	162,000,000 <sup>1</sup>	13.82
2	Ng Chin Nam	-	-	30,000 <sup>2</sup>	0.00
3	Chow Choon Hoong	-	-	-	-
4	Sudesh A/L K.V. Sankaran	-	-	-	-
5	Dato' Dennis Chuah	-	-	-	-
6	Loh Yee Sing	-	-	-	-
7	Tan Kim Hee	-	-	-	-

Notes:

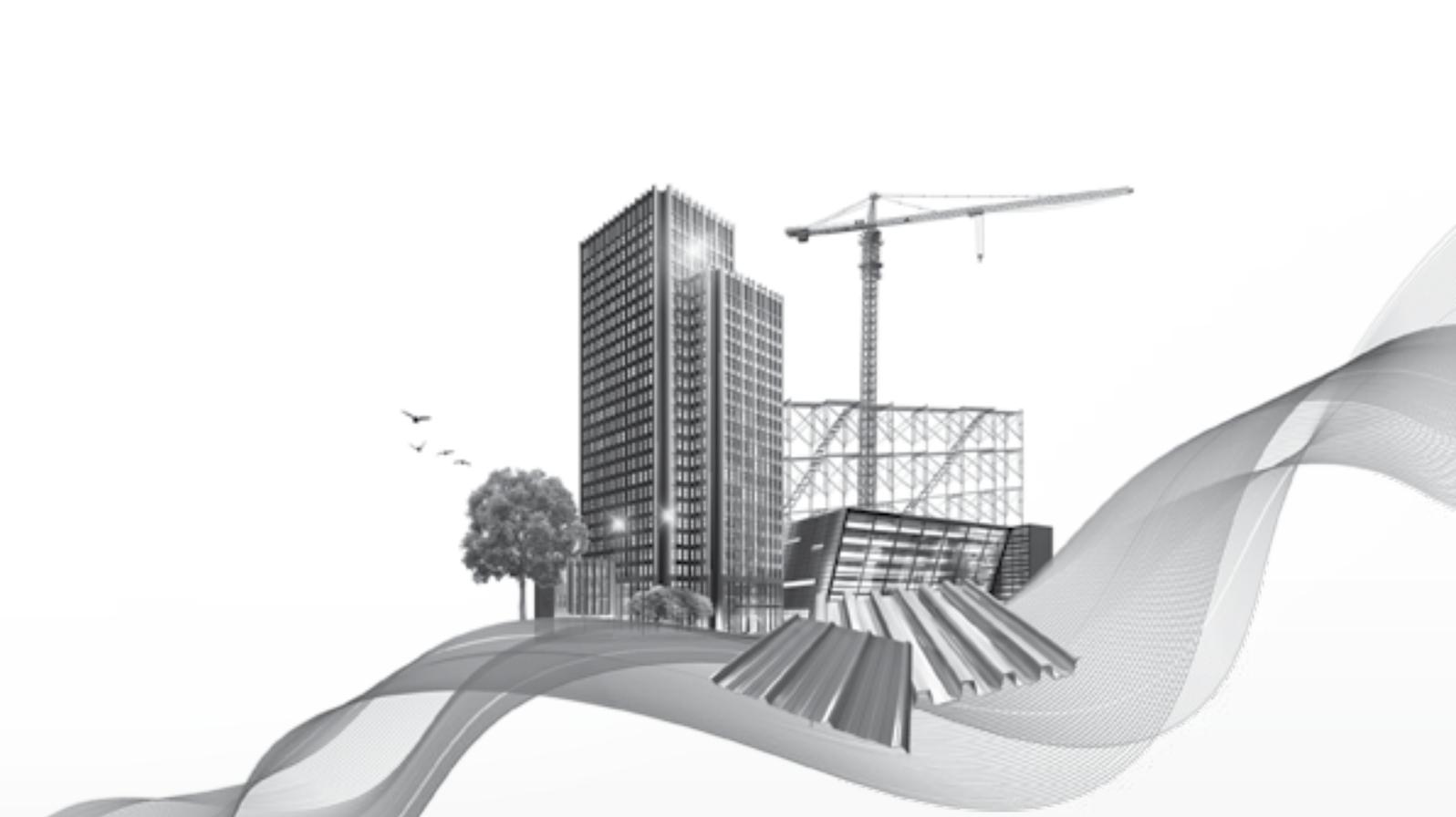
- Deemed interested by virtue of his interest in Skylitech Resources Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- Deemed interested by virtue of his spouse's interest pursuant to Section 59(11)(c) of the Companies Act 2016.

# ANALYSIS OF ICPS HOLDINGS (CONT'D)

As At 28 June 2019

## 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	LIM SEOW CHIN	357,879,500	30.54
2	SKYLITECH RESOURCES SDN. BHD.	120,000,000	10.24
3	LAGENDA PERDANA SDN. BHD.	117,618,972	10.04
4	HLS PROPERTIES SDN. BHD.	80,765,900	6.89
5	A1 CAPITAL SDN BHD	67,194,100	5.73
6	EA DUTAS SDN.BHD.	60,000,000	5.12
7	SKYLITECH RESOURCES SDN. BHD.	42,000,000	3.58
8	GAINFACTOR SDN.BHD.	40,000,000	3.41
9	A1 CAPITAL SDN BHD	33,833,300	2.89
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN SOON TANG	24,422,800	2.08
11	KANG KHOON SENG	20,817,000	1.78
12	HLS PROPERTIES SDN. BHD.	20,000,000	1.71
13	A1 CAPITAL SDN BHD	16,314,000	1.39
14	KHOON WENG REALTY SDN. BHD.	12,611,500	1.08
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN ING KIONG	11,700,076	1.00
16	LIM SHIOU GHAY	11,548,100	0.99
17	TAWAKAR ENTERPRISE SDN. BHD.	10,000,000	0.85
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN ING KIONG	8,500,000	0.73
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KOK KHEANG	7,750,052	0.66
20	CITI GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-RES)	7,500,000	0.64
21	TAWAKAR ENTERPRISE SDN. BHD.	5,700,000	0.49
22	TAN FOOK CHIN	4,375,600	0.37
23	LAU SENG KHIANG	4,000,000	0.34
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD KELVIN TAN CHYE HOCK	4,000,000	0.34
25	NG SIEW FONG	3,844,900	0.33
26	KANG KHOON SENG	2,650,000	0.23
27	SAW LAI SIM	2,555,000	0.22
28	CITI GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,550,000	0.22
29	TEH SWEE KIM @ OOI SWEE KIM	2,366,600	0.20
30	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SENG TUNG	1,850,000	0.16
	<b>TOTAL</b>	<b>1,104,347,400</b>	<b>94.25</b>



# REPORT AND **FINANCIAL STATEMENTS** **31 MARCH 2019**

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# DIRECTORS' REPORT

for the financial year ended 31 March 2019

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 2019**.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, letting of industrial and commercial properties and management consultancy.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

## RESULTS

	GROUP RM	COMPANY RM
Profit after tax for the financial year	<b>6,408,897</b>	<b>14,836,800</b>
Attributable to:		
Owners of the Company	<b>6,418,969</b>	<b>14,836,800</b>
Non-controlling interests	<b>(10,072)</b>	-
	<b>6,408,897</b>	<b>14,836,800</b>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 March 2019** have not been substantially affected by any item, transaction or event of a material and unusual nature other than the recognition of a bargain purchase of a subsidiary which resulted in a gain of RM16,875,058 and this amount has been included in the Group results above.

## DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

	RM
In respect of the financial year ended 31 March 2018:	
- Second interim single tier dividend of 2 sen per ordinary share paid on 25 May 2018	<b>4,166,363</b>
- Second interim single tier dividend of 0.16 sen per irredeemable convertible preference shares paid on 25 May 2018	<b>1,883,139</b>
	<b>6,049,502</b>

The directors do not recommend any dividend payment for the financial year.

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL AND DEBENTURE

During the financial year, the issued share capital of the Company was increased by RM4,000,000 to RM212,203,372 by the allotment 5,000,000 new ordinary shares pursuant to the conversion of 5,000,000 5-year Irredeemable Convertible Preference Shares at a conversion price of RM0.80 each.

Other than the foregoing, the Company did not issue any other share or debenture.



## TREASURY SHARES

As at 31 March 2019, the Company held a total of 774 treasury shares out of its 213,318,936 issued ordinary shares. Further relevant details are disclosed in Note 19.1 to the financial statements.

## 10-YEAR 0% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS"), 5-YEAR IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") AND WARRANTS

The salient features of the ICULS, ICPS and Warrants are disclosed in Notes 17, 18 and 19 to the financial statements respectively.

Details of ICULS, ICPS and Warrants issued to directors are disclosed in the section on directors' interests in this report.

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 28 September 2012. The ESOS which expired on 18 October 2015 was extended for another seven years expiring on 18 October 2022.

The details of options over unissued ordinary shares of the Company granted under the ESOS during the financial year are as follows:

----- Number of share options over ordinary shares -----					
Grant date	Exercise Price	Balance at 1.4.2018	Exercised	Lapsed	Balance at 31.3.2019
9.10.2013	RM0.87	737,804	-	(34,681)	703,123
14.10.2014	RM0.87	272,645	-	(78,853)	193,792
15.2.2016	RM0.87	1,835,090	-	(95,513)	1,739,577

The salient features of the ESOS are disclosed in Note 40 to the financial statements.

Details of options granted to directors are disclosed in the section on directors' interests in this report.

## DIRECTORS

The directors of the Company and of the Group in office during the financial year and up to the date of this report are:

### **Directors of the Company:**

**Ooi Chieng Sim**  
**Ng Chin Nam**  
**Chow Choon Hoong**  
**Tan Kim Hee**  
**Dato' Dennis Chuah**  
**Sudesh A/L K.V. Sankaran**  
**Loh Yee Sing**

### **Directors of the subsidiaries:**

**Law Bee Jing**  
**Leong Ka Hon**  
**Eric Yew Khee Boon**  
**Dhanabalan A/L M. Pitchai Chetty**  
**Tang Tiam Hok**  
**Wan Nyuk Ming**  
**Mahendrakumar A/L Dhanabalan (appointed on 28.8.2018)**  
**Siva Raman A/L S. Ramasamy Pattar (appointed on 28.8.2018)**  
**Goh Chin Heng (appointed on 5.10.2018)**

# **DIRECTORS' REPORT** (CONT'D)

for the financial year ended 31 March 2019

## **DIRECTORS (Cont'd)**

The directors of the Company and of the Group in office during the financial year and up to the date of this report are: (Cont'd)

### **Directors of the subsidiaries: (Cont'd)**

**Parimala Devi A/P Mailvaganam (resigned on 28.8.2018)**

**Rajandran A/L Visvalingam (resigned on 3.9.2018)**

## **DIRECTORS' INTERESTS**

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares of the Company and of its related corporations during the financial year are as follows:

	----- Number of ordinary shares -----			
	Balance at 1.4.2018	Bought	Sold	Balance at 31.3.2019
<b>The Company</b>				
<b>Direct Interest:</b>				
Ooi Chieng Sim	-	21,980,985	-	21,980,985
Ng Chin Nam	187,193	-	-	187,193
Sudesh A/L K.V. Sankaran	52,000	-	-	52,000
<sup>1</sup> Tan Kim Hee	42,500,000	4,000,000	-	46,500,000
<b>Deemed Interest:</b>				
<sup>2</sup> Ng Chin Nam	3,582	-	-	3,582

	----- Number of 5-year 0% ICPS -----			
	Balance at 1.4.2018	Bought	Sold	Balance at 31.3.2019
<b>The Company</b>				
<b>Direct Interest:</b>				
Ooi Chieng Sim	81,227,100	-	(81,227,100)	-
<b>Deemed Interest:</b>				
<sup>3</sup> Ooi Chieng Sim	162,000,000	-	-	162,000,000
<sup>2</sup> Ng Chin Nam	30,000	-	-	30,000



**DIRECTORS' INTERESTS (Cont'd)**

	Number of Warrants B			
	Balance at 1.4.2018	Bought	Sold	Balance at 31.3.2019
<b>The Company Direct Interest:</b>				
Ng Chin Nam	3,979	-	-	3,979
<b>Deemed Interest:</b>				
<sup>3</sup> Ooi Chieng Sim	81	-	-	81

	Number of Warrants C			
	Balance at 1.4.2018	Bought	Sold	Balance at 31.3.2019
<b>The Company Direct Interest:</b>				
Ng Chin Nam	2,787	-	-	2,787

	Number of options over ordinary shares			
	Balance at 1.4.2018	Exercised	Lapsed	Balance at 31.3.2019
Chow Choon Hoong	74,624	-	-	74,624
Sudesh A/L K.V. Sankaran	569	-	-	569

Notes:

- <sup>1</sup> By virtue of his interest in the shares of the Company, he is also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.
- <sup>2</sup> By virtue of the spouse's interest.
- <sup>3</sup> By virtue of his interest in Skylitech Resources Sdn. Bhd. ("SRSB"), he is deemed to have interest in the shares of the Company that are held by SRSB.

Other than the above, none of the other directors have any interest in shares of the Company or of its related corporations during the financial year.

# **DIRECTORS' REPORT** (CONT'D)

for the financial year ended 31 March 2019

## **DIRECTORS' REMUNERATION AND BENEFITS**

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Fees	<b>72,000</b>	<b>72,000</b>
Salaries and allowances	<b>1,208,767</b>	<b>264,000</b>
Defined contribution plans	<b>139,339</b>	<b>31,680</b>
Indemnity given or insurance effected	<b>24,010</b>	<b>24,010</b>
	<b><u>1,444,116</u></b>	<b><u>391,690</u></b>

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a 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.

## **INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

There were no indemnity coverage or insurance effected for the officers and auditors of the Group and of the Company during the financial year.

## **OTHER STATUTORY INFORMATION**

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business 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:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) that have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person other than those disclosed in the notes to the financial statements, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.



## **DIRECTORS' REPORT** (CONT'D)

for the financial year ended 31 March 2019

### **OTHER STATUTORY INFORMATION (Cont'd)**

In the opinion of directors:

- (i) no contingent liability 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due, 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 current financial year in which this report is made.

### **EVENT AFTER THE REPORTING PERIOD**

The event after the reporting period is disclosed in Note 41 to the financial statements.

### **AUDITORS**

The total amount of fees receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 March 2019 are RM147,000 and RM35,000 respectively.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

---

**Ooi Chieng Sim**

**Penang,**

**Date: 25 July 2019**

---

**Ng Chin Nam**

## **DIRECTORS' STATEMENT**

In the opinion of the directors, the financial statements set out on pages 12 to 93 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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**Ooi Chieng Sim**

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**Ng Chin Nam**

**Date: 25 July 2019**

## **STATUTORY DECLARATION**

I, **Siva Raman A/L S. Ramasamy Pattar**, the officer primarily responsible for the financial management of **Atta Global Group Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 12 to 93 are to the best of my knowledge and belief, 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 by )  
the abovenamed at Penang, this **25th** )  
day of **July 2019**. )

---

**Siva Raman A/L S. Ramasamy Pattar**  
(I/C No. 630103-02-5291)

**Before me,**

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**Liew Juan Leng (P162)**  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

To The Members Of Atta Global Group Berhad



## Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of **Atta Global Group Berhad**, which comprise the statements of financial position as at **31 March 2019** of the Group and of the Company, and the statements of 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 93.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 March 2019** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>Net valuation for inventories</b> (Note 5 to the financial statements)</p> <p>Included in the inventories of the Group is a significant amount of property development costs ("PDC") and land held for development ("LHFD") amounting to RM64.16 million and RM5.02 million respectively. Upon the withdrawal of FRS 201 Property Development Activities, the Group has classified PDC and LHFD as part of inventories in accordance with MFRS 102 Inventories. Apart from the above mentioned, the Group holds approximately RM13.49 million of other inventories.</p> <p>These have exposed the Group to a risk that the inventories values are not stated at the lower of cost and net realisable value as the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying value.</p> <p>There is inherent subjectivity and estimation involved in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost and net realisable value.</p>	<p>Our audit procedures in relation to the valuation of inventories included the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of:<ul style="list-style-type: none"><li>– the Group's inventory management process.</li><li>– the Group's measurement and recognition of PDC and LHFD.</li><li>– how the Group identifies and assesses inventory write downs.</li><li>– how the Group makes the accounting estimates for inventory write downs.</li></ul></li><li>• Verifying the original title deeds for properties held.</li><li>• Examining the additional costs incurred for LHFD against relevant supporting documents on sampling basis.</li><li>• Examining the perpetual records for inventory movements and to identify slow moving items.</li><li>• Making inquiries of management regarding the action plans to clear slow moving and obsolete inventories.</li><li>• Reviewing the net realisable value of inventories on sampling basis.</li><li>• Evaluating the reasonableness and adequacy of the allowance for inventories recognised in the financial statements.</li></ul>

# INDEPENDENT AUDITORS' REPORT (CONT'D)

To The Members Of Atta Global Group Berhad

## Report on the Audit of Financial Statements (Cont'd)

### Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>Valuation for investment properties</b> (Note 6 to the financial statements)</p> <p>The fair values of the investment properties are derived by reference to the following:</p> <p>(i) Valuation report updates for major investment properties in order to support management's estimates; and</p> <p>(ii) For investment properties without updated valuation reports, management has assessed the fair value by reference to selling prices of recent transactions and asking prices of similar properties premised on the factors of location, accessibility, visibility, time, size and present market trends.</p>	<p>Our audit procedures in relation to the valuation of investment properties included the following:</p> <ul style="list-style-type: none"><li>• Evaluating the independent external valuer's competence, capabilities and objectivity.</li><li>• Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry.</li><li>• Checking the accuracy and relevance of the input data used.</li><li>• Assessing the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.</li></ul>
<p><b>Impairment of trade receivables</b> (Note 11 to the financial statements)</p> <p>The Group has significant trade receivables as at 31 March 2019 and it is subject to credit risk exposure.</p> <p>The determination of expected credit losses for receivables requires management's judgement in assessing the collectability of the debts after considering their ageing, historical loss experience and forward-looking information for receivables with similar characteristics.</p>	<p>Our audit procedures in relation to impairment of trade receivables included the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of:<ul style="list-style-type: none"><li>– the Group's control over the trade receivables' collection process.</li><li>– how the Group identifies and assesses the loss allowance of receivables; and</li><li>– how the Group makes the accounting estimates for loss allowance.</li></ul></li><li>• Reviewing the consistency of the application of Group's methodology for calculating the loss allowance from year to year.</li><li>• Considering the ageing of the trade receivables.</li><li>• Evaluating techniques and methodology applied for the expected credit loss approach against the requirements of MFRS 9.</li><li>• Assessing the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.</li></ul>

There are no key audit matters in the audit of the separate financial statements of the Company.

# **INDEPENDENT AUDITORS' REPORT** (CONT'D)

To The Members Of Atta Global Group Berhad



## **Report on the Audit of Financial Statements (Cont'd)**

### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

### **Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in these financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

# **INDEPENDENT AUDITORS' REPORT** (CONT'D)

To The Members Of Atta Global Group Berhad

## **Report on the Audit of Financial Statements (Cont'd)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Evaluate the overall presentation, structure and content of the Group and of the Company financial statements, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

### **Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Grant Thornton**  
**No. AF: 0042**  
**Chartered Accountants**

**John Lau Tiang Hua**  
**No. 01107/03/2020 J**  
**Chartered Accountant**

**Penang**

**Date: 25 July 2019**

# STATEMENTS OF FINANCIAL POSITION

As At 31 March 2019



	NOTE	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	72,963,402	73,737,683	879,970	769,959
Inventories	5	5,021,974	-	-	-
Investment properties	6	82,432,181	49,219,999	35,553,998	30,603,296
Investment in subsidiaries	7	-	-	75,474,544	55,474,544
Goodwill on consolidation	8	7,707,916	909,220	-	-
Other investments	9	-	42,318,838	-	-
		<b>168,125,473</b>	<b>166,185,740</b>	<b>111,908,512</b>	<b>86,847,799</b>
<b>Current assets</b>					
Inventories	5	77,647,460	13,727,930	-	-
Property development costs	10	-	10,740,486	-	-
Trade and other receivables	11	61,900,911	67,012,564	230,148,158	202,869,669
Contract assets	12	690,239	-	-	-
Current tax assets		1,594,613	408,185	-	26,005
Other investments	9	16,992,654	-	-	-
Fixed deposits with licensed banks	13	16,207,715	79,826,785	607,044	589,243
Cash and bank balances	14	62,685,035	51,111,882	533,979	41,897,494
		<b>237,718,627</b>	<b>222,827,832</b>	<b>231,289,181</b>	<b>245,382,411</b>
Non-current assets held for sale	15	-	1,500,000	-	-
		<b>237,718,627</b>	<b>224,327,832</b>	<b>231,289,181</b>	<b>245,382,411</b>
<b>TOTAL ASSETS</b>		<b>405,844,100</b>	<b>390,513,572</b>	<b>343,197,693</b>	<b>332,230,210</b>

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

As At 31 March 2019

	NOTE	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	212,203,372	208,203,372	212,203,372	208,203,372
Irredeemable Convertible Preference Shares ("ICPS")	17	93,756,938	94,156,938	93,756,938	94,156,938
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	18	12,348,987	12,348,987	12,348,987	12,348,987
Other reserves	19	(48,717)	3,837,370	7,659,029	7,681,732
Retained profits	20	25,033,082	23,377,485	9,852,971	1,042,970
		<b>343,293,662</b>	341,924,152	<b>335,821,297</b>	323,433,999
Non-controlling interests		19,731,718	10,523,025	-	-
<b>Total equity</b>		<b>363,025,380</b>	352,447,177	<b>335,821,297</b>	323,433,999
<b>Non-current liabilities</b>					
Borrowings	21	3,542,309	6,165,342	2,835,940	4,339,177
Deferred tax liabilities	22	4,973,066	4,411,078	1,538,243	1,736,804
		<b>8,515,375</b>	10,576,420	<b>4,374,183</b>	6,075,981
<b>Current liabilities</b>					
Trade and other payables	23	29,892,621	23,684,600	1,152,240	1,297,582
Contract liabilities	24	63,572	-	-	-
Borrowings	21	3,689,867	3,755,079	1,643,415	1,422,648
Current tax liabilities		657,285	50,296	206,558	-
		<b>34,303,345</b>	27,489,975	<b>3,002,213</b>	2,720,230
<b>Total liabilities</b>		<b>42,818,720</b>	38,066,395	<b>7,376,396</b>	8,796,211
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>405,844,100</b>	390,513,572	<b>343,197,693</b>	332,230,210

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

# STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2019



	NOTE	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	25	152,830,333	155,857,852	17,637,872	8,925,682
Other income	26	28,567,233	31,167,115	729,400	1,067,523
Changes in inventories of work in progress, trading inventories and finished goods		(1,609,590)	647,318	-	-
Raw materials and consumables used		(39,076,049)	(42,617,609)	-	-
Trading goods purchased		(82,568,251)	(78,612,446)	-	-
Employee benefits expense	27	(11,144,745)	(10,208,156)	(708,640)	(741,279)
Depreciation		(4,630,373)	(4,280,667)	(304,294)	(377,814)
Other operating expenses		(33,140,886)	(21,158,335)	(1,959,463)	(2,206,326)
<b>Operating profit</b>		<b>9,227,672</b>	<b>30,795,072</b>	<b>15,394,875</b>	<b>6,667,786</b>
Finance costs	29	(629,819)	(987,469)	(379,019)	(460,330)
<b>Profit before tax</b>	30	<b>8,597,853</b>	<b>29,807,603</b>	<b>15,015,856</b>	<b>6,207,456</b>
Tax expense	31	(2,188,956)	(1,745,614)	(179,056)	(293,641)
<b>Profit for the financial year</b>		<b>6,408,897</b>	<b>28,061,989</b>	<b>14,836,800</b>	<b>5,913,815</b>
<b>Other comprehensive income/(loss), net of tax</b>					
<b>Items that will be reclassified subsequently to profit or loss:</b>					
- Fair value of available-for-sale financial assets		-	3,835,264	-	-
- Reclassification to profit or loss upon disposal		-	(270,536)	-	-
<b>Other comprehensive income/(loss) for the financial year</b>		-	3,564,728	-	-
<b>Total comprehensive income for the financial year</b>		<b>6,408,897</b>	<b>31,626,717</b>	<b>14,836,800</b>	<b>5,913,815</b>
<b>Profit attributable to:</b>					
Owners of the Company		6,418,969	28,403,667	14,836,800	5,913,815
Non-controlling interests		(10,072)	(341,678)	-	-
		<b>6,408,897</b>	<b>28,061,989</b>	<b>14,836,800</b>	<b>5,913,815</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		6,418,969	31,968,395	14,836,800	5,913,815
Non-controlling interests		(10,072)	(341,678)	-	-
		<b>6,408,897</b>	<b>31,626,717</b>	<b>14,836,800</b>	<b>5,913,815</b>
<b>Earnings per share attributable to owners of the Company (sen)</b>					
- Basic	32.1	3.04	21.18		
- Diluted	32.2	3.04	6.58		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2019

NOTE	Attributable to Owners of the Company											Total Equity RM
	Non-distributable					Distributable					Total RM	
	Share Capital RM	ICPS RM	ICULS RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Fair Value Reserve RM	Capital Reserve RM	ESOS Reserve RM	Retained Profits RM		Non-controlling Interests RM
2019												
Balance at beginning	208,203,372	94,156,938	12,348,987	(406)	4,203,130	(4,122,590)	3,863,384	(262,746)	156,598	23,377,485	10,523,025	352,447,177
Effects of adopting MFRS 9	-	-	-	-	-	-	(3,863,384)	-	-	1,263,427	-	(2,599,957)
Balance at beginning, restated	208,203,372	94,156,938	12,348,987	(406)	4,203,130	(4,122,590)	-	(262,746)	156,598	24,640,912	10,523,025	349,847,220
Total comprehensive income for financial year	-	-	-	-	-	-	-	-	-	6,418,969	(10,072)	6,408,897
Transactions with owners:												
Issuance of shares pursuant to conversion of ICPS	4,000,000	(400,000)	-	-	-	-	-	-	-	-	-	3,600,000
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	9,218,765	9,218,765
Share option lapsed	-	-	-	-	-	-	(22,703)	-	-	22,703	-	-
Dividends	-	-	-	-	-	-	-	-	-	(6,049,502)	-	(6,049,502)
Total transactions with owners	4,000,000	(400,000)	-	-	-	-	(22,703)	-	-	(6,026,799)	9,218,765	6,769,263
Balance at end	212,203,372	93,756,938	12,348,987	(406)	4,203,130	(4,122,590)	-	(262,746)	133,895	25,033,082	19,731,718	363,025,380
2018												
Balance at beginning	93,787,046	-	19,829,697	(2,596,024)	5,779,334	(5,698,794)	298,656	(262,746)	329,781	26,635,848	(101,669)	138,001,129
Total comprehensive loss for financial year	-	-	-	-	-	-	3,564,728	-	-	28,403,667	(341,678)	31,626,717
Transactions with owners:												
Issuance of ICPS pursuant to rights issue	-	97,794,138	-	-	-	-	-	-	-	-	-	97,794,138
Issuance of shares pursuant to - Conversion of ICULS	73,570,917	-	(7,480,710)	-	-	-	-	-	-	-	-	66,090,207
- Conversion of ICPS	36,372,000	(3,637,200)	-	-	-	-	-	-	-	-	-	32,734,800
- Share option exercised	1,893,398	-	-	-	-	-	(124,509)	-	-	-	-	1,768,889
- Warrants exercised	6,510,400	-	-	-	(1,576,204)	1,576,204	-	-	-	-	-	6,510,400
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	(3,501,095)	10,966,372	7,465,277
Purchase of treasury shares	-	-	-	(571,470)	-	-	-	-	-	-	-	(571,470)
Rights issue expenses	(763,301)	-	-	-	-	-	-	-	-	-	-	(763,301)
Share based payment transactions	-	-	-	-	-	-	(48,674)	-	-	48,674	-	-
Dividends	-	-	-	-	-	-	-	-	-	(28,209,609)	-	(28,209,609)
Share dividend	(3,167,088)	-	-	3,167,088	-	-	-	-	-	-	-	-
Total transactions with owners	114,416,326	94,156,938	(7,480,710)	2,595,618	(1,576,204)	1,576,204	-	(173,183)	(31,662,030)	171,852,959	10,966,372	182,819,331
Balance at end	208,203,372	94,156,938	12,348,987	(406)	4,203,130	(4,122,590)	3,863,384	(262,746)	156,598	23,377,485	10,523,025	352,447,177

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

# STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2019



NOTE	Non-distributable						Distributable		Total Equity RM	
	Share Capital RM	ICPS RM	ICULS RM	Treasury Shares RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM	ESOS Reserve RM		Retained Profits RM
<b>2019</b>										
Balance at beginning	208,203,372	94,156,938	12,348,987	(406)	4,203,130	(4,122,590)	7,445,000	156,598	1,042,970	323,433,999
Total comprehensive income for the financial year	-	-	-	-	-	-	-	-	14,836,800	14,836,800
Transactions with owners:										
Issuance of shares pursuant to conversion of ICPS	4,000,000	(400,000)	-	-	-	-	-	-	-	3,600,000
Share option lapsed	-	-	-	-	-	-	-	(22,703)	22,703	-
Dividends	-	-	-	-	-	-	-	-	(6,049,502)	(6,049,502)
Total transactions with owners	4,000,000	(400,000)	-	-	-	-	-	(22,703)	(6,026,799)	(2,449,502)
Balance at end	212,203,372	93,756,938	12,348,987	(406)	4,203,130	(4,122,590)	7,445,000	133,895	9,852,971	335,821,297
<b>2018</b>										
Balance at beginning	93,787,046	-	19,829,697	(2,596,024)	5,779,334	(5,698,794)	7,445,000	60,835	20,930,090	139,537,184
Total comprehensive income for the financial year	-	-	-	-	-	-	-	-	5,913,815	5,913,815
Transactions with owners:										
Issuance of ICPS pursuant to rights issue	-	97,794,138	-	-	-	-	-	-	-	97,794,138
Issuance of shares pursuant to - Conversion of ICULS	73,570,917	-	(7,480,710)	-	-	-	-	-	-	66,090,207
- Conversion of ICPS	36,372,000	(3,637,200)	-	-	-	-	-	-	-	32,734,800
- Share option exercised	1,893,398	-	-	-	-	-	-	(124,509)	-	1,768,889
- Warrants exercised	6,510,400	-	-	-	(1,576,204)	1,576,204	-	-	-	6,510,400
Purchase of treasury shares	(763,301)	-	-	(571,470)	-	-	-	-	-	(571,470)
Rights issue expenses	-	-	-	-	-	-	-	-	-	(763,301)
Share based payment transactions	-	-	-	-	-	-	-	220,272	48,674	268,946
Dividends	-	-	-	-	-	-	-	-	(25,849,609)	(25,849,609)
Share dividend	(3,167,088)	-	-	3,167,088	-	-	-	-	-	-
Total transactions with owners	114,416,326	94,156,938	(7,480,710)	2,595,618	(1,576,204)	1,576,204	-	95,763	(25,800,935)	177,983,000
Balance at end	208,203,372	94,156,938	12,348,987	(406)	4,203,130	(4,122,590)	7,445,000	156,598	1,042,970	323,433,999

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

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2019

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>8,597,853</b>	29,807,603	<b>15,015,856</b>	6,207,456
Adjustments for:				
Allowance for expected credit losses/ Impairment losses on receivables	<b>491,894</b>	214,743	-	-
Bad debts	<b>27,630</b>	2,238	-	-
Debt waived by trade and other payables and amount due to directors	<b>(1,654,023)</b>	-	-	-
Deposit forfeited	<b>800</b>	-	-	-
Depreciation	<b>4,630,373</b>	4,280,667	<b>304,294</b>	377,814
Dividend income	<b>(590,597)</b>	(51,084)	<b>(14,000,000)</b>	(5,790,000)
Fair value gain on investment properties	<b>(3,100,000)</b>	(3,507,649)	-	(746,421)
Fair value loss adjustment on other investments	<b>12,878,396</b>	-	-	-
Gain on bargain purchase	<b>(16,875,058)</b>	-	-	-
Gain on disposal of property, plant and equipment	<b>(60,998)</b>	(1,360,549)	-	(207,742)
Interest expense	<b>629,819</b>	987,469	<b>379,019</b>	460,330
Interest income	<b>(2,500,843)</b>	(436,492)	<b>(467,202)</b>	(113,360)
Loss/(Gain) on disposal of other investments	<b>976,474</b>	(20,786,911)	-	-
Net fair value adjustment on available-for-sale financial assets realised upon disposal	<b>(175,000)</b>	(270,536)	-	-
Property, plant and equipment written off	<b>4,406</b>	2	-	2
Resigned of retirement benefits obligation	<b>(2,681)</b>	-	-	-
Operating profit before working capital changes	<b>3,278,445</b>	8,879,501	<b>1,231,967</b>	188,079
(Increase)/Decrease in inventories	<b>(25,346,062)</b>	2,959,767	-	-
Decrease/(Increase) in property development costs	<b>10,740,486</b>	(1,078,436)	-	-
Decrease/(Increase) in receivables	<b>26,369,968</b>	(33,154,406)	<b>(30,101,859)</b>	2,127,586
Decrease in payables	<b>(27,996,085)</b>	(6,549,645)	<b>(145,342)</b>	(2,577,237)
Cash used in operations	<b>(12,953,248)</b>	(28,943,219)	<b>(29,015,234)</b>	(261,572)
Income tax paid	<b>(2,206,407)</b>	(1,026,490)	<b>(145,054)</b>	(366,436)
Income tax refunded	-	242,238	-	-
Interest paid	<b>(629,819)</b>	(987,469)	<b>(379,019)</b>	(460,330)
Net cash used in operating activities carried forward	<b>(15,789,474)</b>	(30,714,940)	<b>(29,539,307)</b>	(1,088,338)

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

# STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 31 March 2019



	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Net cash used in operating activities brought forward	(15,789,474)	(30,714,940)	(29,539,307)	(1,088,338)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(i) Cash flows from acquisition of subsidiaries	(22,761,083)	(961,944)	-	-
Dividends received	590,597	51,084	14,000,000	5,790,000
Interest received	2,483,042	419,265	449,401	96,133
Proceeds from disposal of investment property	-	950,000	-	-
Proceeds from disposal of other investments	12,676,312	20,003,486	-	-
Proceeds from disposal of property, plant and equipment	61,000	2,241,402	-	693,000
Purchase of other investments	(3,333,467)	(37,082,213)	-	-
Purchase of investment in subsidiaries	-	-	(20,000,000)	(19,841,305)
Purchase of investment properties	(15,212,182)	(1,150,550)	(4,950,702)	-
Purchase of non-current asset held for sales	-	(1,500,000)	-	-
(ii) Purchase of property, plant and equipment	(1,643,804)	(4,335,318)	-	(114,104)
Net cash used in investing activities	(27,139,585)	(21,364,788)	(10,501,301)	(13,376,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(6,049,502)	(28,209,609)	(6,049,502)	(25,849,609)
Net change in subsidiaries' balances	-	-	2,823,370	(120,709,935)
Placement of fixed deposits	(39,918)	(1,043,000)	-	-
Proceeds from allotment of shares	-	7,200,000	-	-
Proceeds from issuance of shares pursuant to				
- conversion of ICULS	-	66,090,207	-	66,090,207
- conversion of ICPS	3,600,000	32,734,800	3,600,000	32,734,800
- exercised of ESOS	-	1,768,889	-	1,768,889
- exercised of warrants	-	6,510,400	-	6,510,400
Proceeds from ICPS rights issue	-	97,794,138	-	97,794,138
Repayment of bankers acceptance	(35,000)	(390,000)	-	-
Repayment of revolving credit	-	(4,000,000)	-	-
Repayment of finance lease	(1,921,443)	(2,076,734)	(310,343)	(344,829)
Repayment of term loan	(4,789,039)	(1,282,559)	(1,386,432)	(1,282,559)
Repurchase of treasury shares	-	(571,470)	-	(571,470)
Right issues expenses	-	(763,301)	-	(763,301)
Net cash (used in)/from financing activities	(9,234,902)	173,761,761	(1,322,907)	55,376,731
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(52,163,961)</b>	<b>121,682,033</b>	<b>(41,363,515)</b>	<b>40,912,117</b>

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

## STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 31 March 2019

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(52,163,961)</b>	121,682,033	<b>(41,363,515)</b>	40,912,117
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>128,909,891</b>	7,227,858	<b>41,897,494</b>	985,377
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>76,745,930</b>	128,909,891	<b>533,979</b>	41,897,494
<b>Represented by:</b>				
Fixed deposits with licensed banks	<b>14,517,753</b>	78,194,542	-	-
Cash and bank balances	<b>62,685,035</b>	51,111,882	<b>533,979</b>	41,897,494
Bank overdrafts	<b>(456,858)</b>	(396,533)	-	-
	<b>76,745,930</b>	128,909,891	<b>533,979</b>	41,897,494
<b>(i) Cash flows from acquisition of subsidiaries</b>				
Property, plant and equipment	<b>122,391</b>	1,075	-	-
Investment properties	<b>14,900,000</b>	-	-	-
Inventories	<b>43,595,442</b>	-	-	-
Property development costs	-	9,662,050	-	-
Receivables	<b>20,907,672</b>	971,241	-	-
Cash at bank	<b>1,064,916</b>	275,556	-	-
Fixed deposits with licensed banks	<b>3,324,000</b>	-	-	-
Amount due from directors	<b>1,733,284</b>	-	-	-
Current tax assets	<b>170,993</b>	164	-	-
Payables	<b>(19,783,847)</b>	(10,316,529)	-	-
Amount due to directors	<b>(16,139,735)</b>	-	-	-
Deferred tax liabilities	<b>(16,000)</b>	-	-	-
Current tax liabilities	<b>(31,383)</b>	-	-	-
Borrowings	<b>(3,402,607)</b>	-	-	-
Net tangible assets	<b>46,445,126</b>	593,557	-	-
Non-controlling interests	<b>(9,218,765)</b>	(265,277)	-	-
Share of net assets acquired	<b>37,226,361</b>	328,280	-	-
Gain on bargain purchase	<b>(16,875,058)</b>	-	-	-
Goodwill on consolidation	<b>6,798,696</b>	909,220	-	-
Total purchase consideration	<b>27,149,999</b>	1,237,500	-	-
Less: Cash and cash equivalents	<b>(4,388,916)</b>	(275,556)	-	-
Net cash outflows from acquisition	<b>22,761,083</b>	961,944	-	-

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

## STATEMENTS OF CASH FLOWS (CONT'D)

For The Financial Year Ended 31 March 2019



	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
(ii) <b>Purchase of property, plant and equipment</b>				
Total acquisition cost	<b>2,238,109</b>	6,616,918	<b>414,305</b>	349,704
Acquired under finance lease	<b>(594,305)</b>	(2,281,600)	<b>(414,305)</b>	(235,600)
Total cash acquisition	<b>1,643,804</b>	4,335,318	-	114,104

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

## 1. CORPORATE INFORMATION

### General

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

The registered office of the Company is located at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, Malaysia.

The principal place of business of the Company is located at 2521, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Penang, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 July 2019.

### Principal Activities

The principal activities of the Company are investment holding, letting of industrial and commercial assets and management consultancy.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising 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 their fair value measurement as a whole:

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 2. BASIS OF PREPARATION (Cont'd)

### 2.2 Basis of Measurement

- 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 their fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

### 2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Group's and the Company's functional currency.

### 2.4 Adoption of Amendments/Improvements to MFRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following standards that are mandatory for the current financial year:

#### **Effective for annual periods beginning on or after 1 January 2018**

*Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions*

*MFRS 9 Financial Instruments*

*MFRS 15 Revenue from Contracts with Customers*

*Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

*Amendments to MFRS 140 Investment Property: Transfers of Investment Property*

*Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)*

*IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption except for:

#### **MFRS 9 Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied MFRS 9 prospectively, with an initial application date of 1 April 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 in relation to classification, measurement and impairment are recognised in retained profits.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 2. BASIS OF PREPARATION (Cont'd)

### 2.4 Adoption of Amendments/Improvements to MFRS (Cont'd)

#### MFRS 9 Financial Instruments (Cont'd)

The effects of adopting MFRS 9 as at 1 April 2018 are as follows:

#### GROUP

	Amount previously reported under MFRS 139 RM	Increase/ (Decrease) RM	Restated amount reported under MFRS 9 RM
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	67,012,564	(296,488)	66,716,076
Other investments	42,318,838	(2,303,469)	40,015,369
	<u>109,331,402</u>	<u>(2,599,957)</u>	<u>106,731,445</u>
<b>EQUITY</b>			
Fair value reserve	3,863,384	(3,863,384)	-
Retained profits	23,377,485	1,263,427	24,640,912
	<u>27,240,869</u>	<u>(2,599,957)</u>	<u>24,640,912</u>

The nature of the changes of adopting MFRS 9 is described below:

#### (i) Classification and measurement

##### Financial assets

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group. The Group continues to measure at fair value all financial assets previously held at fair value under MFRS 139.

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

- Trade receivables and other financial assets (i.e., other receivables, refundable deposits, fixed deposits with licensed banks and cash and bank balances) previously classified as loans and receivables ("L&R") as at 31 March 2018 which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest, are now classified and measured as debt instruments and measured at amortised cost ("AC") beginning 1 April 2018.
- Other investments represent investment in quoted equity shares classified as available for sales ("AFS") and held to maturity ("HTM") financial assets as at 31 March 2018 is now classified and measured as financial assets at fair value through profit or loss ("FVTPL") beginning 1 April 2018.

As a result of the change in classification of the Group's quoted equity shares investment, the fair value reserve of RM3,863,384 in relation to the investment that was previously presented under Other Comprehensive Income ("OCI"), was reclassified to retained profits as at 1 April 2018. Other than this, investment in quoted equity instruments previously classified as HTM which was valued at cost is revalued to fair value resulting in a loss of RM2,303,469 recognised in retained profits as at 1 April 2018. The net impact to the retained profits due to the reclassification and remeasurement was RM1,559,915.

##### Financial liabilities

The Group has not designated any financial liabilities at fair value through profit or loss and therefore, there are no changes to the classification and measurement for the Group's financial liabilities.



## 2. BASIS OF PREPARATION (Cont'd)

### 2.4 Adoption of Amendments/Improvements to MFRS (Cont'd)

#### *MFRS 9 Financial Instruments (Cont'd)*

##### (ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECL for all debt instruments not held at fair value through profit or loss and for contract assets.

The Group applies simplified approach to recognise lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward looking information. Given that (i) the customers of the Group are mainly well established and financially sound companies with no history of default in prior years, the management considers the historical default rate of the financial assets to be minimal; and (ii) the customers of the Group operate in the geographical regions where no adverse change in the business environment is anticipated, the management considers that the forward looking default rate to be minimal across all ageing bands. As a result, no provision for impairment of trade receivables and contract assets is made as the impact is insignificant.

For other financial assets measured at amortised cost, the Group applies general approach to recognise 12-month ECL as there is no significant increase in credit risk since initial recognition. After considering the factors as set out in Note 3.7.3, the management is of opinion that ECL rate applied for other financial assets measured at amortised cost is insignificant as the risk of default is low and the outstanding balance is insignificant.

Upon adoption of MFRS 9 the Group recognised additional impairment of RM296,488 on its trade and other receivables with a corresponding decrease in retained profits as at 1 April 2018 by RM296,488.

#### *MFRS 15 Revenue from Contracts with Customers*

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 April 2018.

The adoption of MFRS 15 resulted in changes to the accounting policy for revenue recognition, but has no material financial impact on the substance of the principles applied by the Group to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group remains generally unaltered. No adjustment to the opening balance of retained profits had been made as there are no changes in timing of the revenue recognition. The comparative information which was reported under MFRS 111, MFRS 118 and related Interpretations was not restated.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 2. BASIS OF PREPARATION (Cont'd)

### 2.4 Adoption of Amendments/Improvements to MFRS (Cont'd)

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

##### (i) **Presentation of contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

No adjustment had been made as there are no changes in the classification of contract asset as at 1 April 2018.

##### (ii) **Presentation of contract liabilities**

In previous financial years, deposits received from customers are part of contract balances which were presented in the consolidated statement of financial position under "Other payables and accruals".

Under MFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

### 2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

#### **Effective for annual periods beginning on or after 1 January 2019**

*Amendments to MFRS 9 Financial Instrument: Prepayment Features with Negative Compensation*

*MFRS 16 Leases*

*Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement*

*Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

*IC Interpretation 23 Uncertainty over Income Tax Treatments*

*Annual Improvements to MFRS Standards 2015-2017 Cycle*

#### **Effective for annual periods beginning on or after 1 January 2020**

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

*Amendments to MFRS 3 Business Combinations: Definition of a Business*

*Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*

#### **Effective for annual periods beginning on or after 1 January 2021**

*MFRS 17 Insurance Contracts*

#### **Effective date yet to be confirmed**

*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 2. BASIS OF PREPARATION (Cont'd)

### 2.5 Standards Issued But Not Yet Effective(Cont'd)

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption except as mentioned below:

#### **MFRS 16 Leases**

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group's operating lease is mainly derived from the rental of premise, hostel and machinery which the lease is currently recognised on a time proportion basis over the lease term. The Group did not have significant non-cancellable operating lease commitment as all leases are short term leases as at 31 March 2019 and there will not be significant impact to the financial statements of the Group upon adoption of MFRS 16.

### 2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### **2.6.1 Judgements made in applying accounting policies**

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

#### **2.6.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### **(i) Property development**

The Group recognises property development revenue and related property development costs in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 2. BASIS OF PREPARATION (Cont'd)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### 2.6.2 Key sources of estimation uncertainty (Cont'd)

##### (i) Property development (Cont'd)

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making these judgements, the Group evaluates based on past experience and by relying on the work of architects.

##### (ii) Useful lives of depreciable assets

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of the plant and equipment to be within 7 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of plant and equipment. Therefore, future depreciation charges could be revised.

##### (iii) Impairment of non-financial assets

The Group and the Company perform an impairment review as and when there are impairment indicators to ensure that the carrying value of the non-financial assets does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

##### (iv) Impairment of investment in subsidiaries

The Company carries out impairment test based on the estimate of the higher of value-in-use or the fair value less cost to sell of the cash-generating unit ("CGU") to which the investment in the subsidiaries belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

##### (v) Inventories

The management reviews for damaged, obsolete and slow-moving inventories. This review requires judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

##### (vi) Provision for expected credit losses ("ECL") of receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 2. BASIS OF PREPARATION (Cont'd)

### 2.6 Significant Accounting Estimates and Judgements (Cont'd)

#### 2.6.2 Key sources of estimation uncertainty (Cont'd)

##### (vii) Investment properties at fair value

The Group's investment properties are carried at fair value and changes in fair value are recognised in profit or loss.

Fair value of certain investment properties was determined based on independent professional valuation or updates as appropriate. For those without valuation updates, the Group determines the fair value of such investment properties by reference to the selling prices of recent transactions and asking prices of similar properties premised on the factors of location, accessibility, visibility, time, size and present market trends. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the Group's investment properties.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

### 3.1 Basis of Consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

#### (ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date at:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.1 Basis of Consolidation (Cont'd)

#### (ii) Business combination

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (iii) Acquisitions of non-controlling interests

The Group accounts for 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 reserve.

#### (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 former subsidiary from the consolidated statement of position. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (v) Non-controlling interests

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

### 3.2 Goodwill

Goodwill acquired through business combination is initially measured at cost, being the excess of the cost of business acquired over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### 3.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.3 Property, Plant and Equipment (Cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Leasehold land	Amortise over lease period of 99 years
Buildings	2%
Freehold condominium	2%
Plant and machinery	5% to 15%
Fittings, equipment, motor vehicles and renovation	2% to 33%

Freehold land is not depreciated as it has an infinite life.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period 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.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

### 3.4 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise, including the corresponding tax effect.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Fair value of investment properties is arrived at by reference to the valuation or updates performed by external independent qualified valuers. For those properties without valuation updates, the fair value is determined by reference to market evidence of transaction prices for similar properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

### 3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

#### Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.5 Leases (Cont'd)

#### Finance lease (Cont'd)

A leased asset is depreciated over its useful life. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### Operating leases

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

### 3.6 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent on those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for those assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

### 3.7 Financial Instruments

#### 3.7.1 Initial recognition and measurement

Financial assets or financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguish, discharged, cancelled or expires.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.7 Financial Instruments (Cont'd)

#### 3.7.2 Classification and measurement of financial assets

##### **Current financial year**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Financial assets, other than those designated as hedging instruments, are classified into the following categories:

- amortised cost ("AC");
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

However, in the current financial year, the Group does not have any financial assets which are categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to the financial assets that are recognised in profit or loss are presented within financial cost, financial income or other financial items, except for impairment of receivables which is presented within other expenses.

##### **Financial assets at amortised cost ("AC")**

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. The Group's and the Company's cash and bank balances, fixed deposits with licensed bank, trade and other receivables fall into this category of financial instruments.

##### **Financial assets at fair value through profit or loss ("FVTPL")**

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

##### **Previous financial year**

Financial assets were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement. However, the Group did not have any financial assets that were categorised at fair value through profit or loss category.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.7 Financial Instruments (Cont'd)

#### 3.7.2 Classification and measurement of financial assets (Cont'd)

##### **Financial assets as loans and receivables ("L&R")**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

##### **Financial assets as available-for-sale ("AFS")**

AFS category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as AFS are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

##### **Financial assets as held-to-maturity ("HTM")**

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, HTM investments are measured at amortised cost using effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the HTM investments are derecognised or impaired, and through the amortisation process.

HTM investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

#### 3.7.3 Financial assets - Impairment

All financial assets are subject to review for impairment.

##### **Current financial year**

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. Instruments within the scope of the new requirements include loans, trade and other receivables and other debt-type financial assets measured at amortised cost and financial assets at FVOCI.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.7 Financial Instruments (Cont'd)

#### 3.7.3 Financial assets - Impairment (Cont'd)

##### **Current financial year (Cont'd)**

In applying this forward-looking approach, a distinction is made between:

##### Stage 1

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;

##### Stage 2

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and

##### Stage 3

- financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the first category while 'lifetime ECL' are recognised for the second category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

##### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

##### **Previous financial year**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

#### 3.7.4 Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss ("FVTPL").

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.7 Financial Instruments (Cont'd)

#### 3.7.4 Classification and measurement of financial liabilities (Cont'd)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### 3.7.5 Offsetting of financial instruments

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

#### 3.7.6 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

#### 3.7.7 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 statement of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due 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.

### 3.8 Inventories

#### Land held for development

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less impairment losses.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reliably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to the estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.8 Inventories (Cont'd)

#### Property development costs (Cont'd)

For the Group's current development project, revenue will be recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers and the satisfaction of performance obligations.

Where the outcome of a development cannot be reliably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in profit or loss over the billings to purchasers of properties is recognised as contract assets under current assets. The excess of billings to purchasers of properties over revenue recognised in profit or loss is recognised as contract liabilities under current liabilities.

#### Stocks

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading materials: purchase costs on a weighted average basis for building materials, hardware items and scrap materials.
- Raw materials: purchase costs on a first-in, first-out and weighted average basis.
- Finished goods and work-in-progress: cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

### 3.9 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

### 3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

### 3.11 Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.11 Provisions (Cont'd)

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

### 3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 3.13 Revenue Recognition

According to MFRS 15, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue of the Group and of the Company is measured on the following basis:

#### Revenue from sale of goods

Revenue is recognised at a point in time when control of the goods is transferred to the customer, generally on the delivery of the goods.

#### Revenue from shearing services

Revenue is recognised at a point in time when the shearing services has been rendered and related performance obligation has been satisfied, generally on the delivery of the final products to the customers.

#### Property development revenue

The Group constructs and sells residential properties under long-term contracts with customers. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done completed. Revenue from property development is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15.

#### Revenue from lease rental

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

#### Provision of management services

Revenue is recognised on the dates the services are rendered and completed which is upon the satisfaction of performance obligation at a point in time.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.13 Revenue Recognition (Cont'd)

#### **Interest income**

Interest is recognised on time proportion basis using the applicable effective interest rate.

#### **Contract balances**

#### **Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 3.14 Employee Benefits

#### (i) **Short term benefits**

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

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

#### (iii) **Employee share options scheme**

Employees of the Group received incentive in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the subsidiaries' best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.14 Employee Benefits (Cont'd)

#### (iii) Employee share options scheme (Cont'd)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained profits/accumulated losses upon expiry of the share options.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### (vi) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal of providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

### 3.15 Income Tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and which it affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available to set off against the unutilised tax incentive.

### 3.16 Goods and Services Tax ("GST") and Sales and Service Tax ("SST")

GST is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.16 Goods and Services Tax ("GST") and Sales and Service Tax ("SST") (Cont'd)

Revenue, expenses and assets are recognised net of GST except:

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

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

The Finance Ministry has zero rated the GST effective from 1 June 2018. The government has replaced the GST with SST which came into effect on 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

Expenses and assets are recognised net of the amount of sales tax, except:

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

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

### 3.17 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rates at the date of the transaction except for those measured at fair value which shall be translated at the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

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 or losses are recognised directly in other comprehensive income.

### 3.18 Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS which were issued after the effective date of MFRS 132: Financial Instruments: Disclosure and Presentation are regarded as compound instruments, consisting of an equity component and a liability component.

ICULS which have a 0% coupon rate are considered to have only the equity component, as there is no obligation for payment of interest, principal or for re-purchase.

### 3.19 Irredeemable Convertible Preference Shares ("ICPS")

ICPS which have a 0% coupon rate are considered to have only the equity component as there is no obligation for payment of interest, principal or for re-purchase.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.19 Irredeemable Convertible Preference Shares ("ICPS") (Cont'd)

Any outstanding ICPS not converted at the end of the conversion period shall be mandatorily converted into new shares at the conversion price on the maturity date by surrendering ten ICPS for one new share without any additional consideration required from ICPS holder.

### 3.20 Warrants

Warrants are classified as equity instruments and its value is allocated based on the Black-Scholes model upon issuance. The issuance of the ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital and share premium. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

### 3.21 Share Capital, Share Issuance Costs and Dividends

#### Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

#### Share issuance costs

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

#### Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

### 3.22 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 treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

### 3.23 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 3.24 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position but is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 3.25 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Group.
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the other entity.
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the entity.
  - (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

2019	Freehold land and buildings and condominium RM	Leasehold land and buildings RM	Plant and machinery RM	Fittings, equipment, motor vehicles and renovation RM	Capital work-in-progress RM	Total RM
<b>At cost</b>						
Balance at beginning	54,722,213	3,200,000	59,510,773	19,032,073	2,113,766	138,578,825
Acquisition of a subsidiary	-	-	-	306,926	-	306,926
Additions	-	-	1,432,945	804,730	434	2,238,109
Disposals	-	-	(285,000)	(48,935)	-	(333,935)
Reclassification	274,592	-	-	258,450	(533,042)	-
Reclassified from non-current assets held for sale	1,500,000	-	-	-	-	1,500,000
Written off	-	-	-	(12,040)	-	(12,040)
Balance at end	<b>56,496,805</b>	<b>3,200,000</b>	<b>60,658,718</b>	<b>20,341,204</b>	<b>1,581,158</b>	<b>142,277,885</b>
<b>Accumulated depreciation</b>						
Balance at beginning	8,441,840	674,132	41,647,912	13,233,970	-	63,997,854
Acquisition of a subsidiary	-	-	-	184,535	-	184,535
Current charge	621,893	26,210	2,212,006	1,770,264	-	4,630,373
Disposals	-	-	(284,999)	(48,934)	-	(333,933)
Written off	-	-	-	(7,634)	-	(7,634)
Balance at end	<b>9,063,733</b>	<b>700,342</b>	<b>43,574,919</b>	<b>15,132,201</b>	<b>-</b>	<b>68,471,195</b>
<b>Accumulated impairment loss</b>						
Carrying amount	<b>47,433,072</b>	<b>2,499,658</b>	<b>16,240,511</b>	<b>5,209,003</b>	<b>1,581,158</b>	<b>72,963,402</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP (Cont'd)

	Freehold land and buildings and condominium RM	Leasehold land and buildings RM	Plant and machinery RM	Fittings, equipment, motor vehicles and renovation RM	Capital work-in-progress RM	Total RM
2018						
At cost						
Balance at beginning	53,392,213	3,200,000	57,971,004	19,056,493	3,407,714	137,027,424
Acquisition of a subsidiary	-	-	1,791	-	-	1,791
Additions	-	-	4,793,359	1,787,507	36,052	6,616,918
Disposals	-	-	(3,255,381)	(1,690,655)	-	(4,946,036)
Reclassification	1,330,000	-	-	-	(1,330,000)	-
Written off	-	-	-	(121,272)	-	(121,272)
Balance at end	54,722,213	3,200,000	59,510,773	19,032,073	2,113,766	138,578,825
Accumulated depreciation						
Balance at beginning	7,876,547	647,921	42,511,965	12,866,491	-	63,902,924
Acquisition of a subsidiary	-	-	716	-	-	716
Current charge	565,293	26,211	2,079,454	1,609,709	-	4,280,667
Disposals	-	-	(2,944,223)	(1,120,960)	-	(4,065,183)
Written off	-	-	-	(121,270)	-	(121,270)
Balance at end	8,441,840	674,132	41,647,912	13,233,970	-	63,997,854
Accumulated impairment loss	-	-	843,288	-	-	843,288
Carrying amount	46,280,373	2,525,868	17,019,573	5,798,103	2,113,766	73,737,683

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### COMPANY

	Fittings, equipment, and office equipment RM	Motor vehicles RM	Total RM
<b>2019</b>			
<b>At cost</b>			
Balance at beginning	3,990,669	818,969	4,809,638
Additions	-	414,305	414,305
Balance at end	<u>3,990,669</u>	<u>1,233,274</u>	<u>5,223,943</u>
<b>Accumulated depreciation</b>			
Balance at beginning	3,642,219	397,460	4,039,679
Current charge	99,393	204,901	304,294
Balance at end	<u>3,741,612</u>	<u>602,361</u>	<u>4,343,973</u>
<b>Carrying amount</b>	<u>249,057</u>	<u>630,913</u>	<u>879,970</u>
<b>2018</b>			
<b>At cost</b>			
Balance at beginning	3,985,670	1,968,938	5,954,608
Additions	4,999	344,705	349,704
Disposals	-	(1,373,402)	(1,373,402)
Written off	-	(121,272)	(121,272)
Balance at end	<u>3,990,669</u>	<u>818,969</u>	<u>4,809,638</u>
<b>Accumulated depreciation</b>			
Balance at beginning	3,535,625	1,135,654	4,671,279
Current charge	106,594	271,220	377,814
Disposals	-	(888,144)	(888,144)
Written off	-	(121,270)	(121,270)
Balance at end	<u>3,642,219</u>	<u>397,460</u>	<u>4,039,679</u>
Carrying amount	<u>348,450</u>	<u>421,509</u>	<u>769,959</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (i) The carrying amount of the Group's leasehold land and buildings which are pledged as securities for banking facilities granted to a subsidiary is **RM2,433,658** (2018: RM2,525,868).
- (ii) The carrying amount of the Group's and of the Company's property, plant and equipment being acquired under finance lease are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Plant and machinery	<b>2,511,283</b>	4,240,701	-	-
Motor vehicles	<b>2,413,573</b>	1,643,750	<b>630,913</b>	421,509
	<b>4,924,856</b>	5,884,451	<b>630,913</b>	421,509

The leased assets are pledged as security for the related finance lease as disclosed in Note 21.

## 5. INVENTORIES

	GROUP	
	2019 RM	2018 RM
<b>Non-current assets</b>		
* Land held for development	<u>5,021,974</u>	-
Represented by:		
Freehold land	3,382,268	-
Development costs	<u>1,639,706</u>	-
	<u>5,021,974</u>	-
<b>Current assets</b>		
Property development costs	64,158,759	-
Raw materials	10,951,516	9,581,155
Work-in-progress	67,050	1,060,423
Finished goods	1,370,560	1,540,466
Trading goods	<u>1,099,575</u>	<u>1,545,886</u>
	<u>77,647,460</u>	<u>13,727,930</u>
Total inventories	<u>82,669,434</u>	<u>13,727,930</u>

Upon the withdrawal of FRS 201 Property Development Activities, the Group has classified land held for property development and property development costs as part of inventories in accordance with MFRS 102 Inventories.

Included herein the property development costs of **RM4,654,081** (2018: RM Nil) in relation to the Joint Venture Agreement ("JVA") entered in between Atta Properties Sdn. Bhd. ("APSB"), a wholly-owned subsidiary of the Company and Tetap Gembira Development Sdn. Bhd. ("TGSB"), another subsidiary of the Company on 29 August 2018 to jointly develop a piece of land belonging to TGSB. According to the JVA, APSB and TGSB are entitled to 75% of the gross development value of the project or 75 units in the project and 25% of the gross development value of the project or 25 units in the project respectively.

- \* This arose from the acquisition of subsidiaries during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 5. INVENTORIES (Cont'd)

The movements of property development costs are as follows:

	GROUP	
	2019 RM	2018 RM
<b>Current assets</b>		
Reclassified from property development costs (Note 10)	10,740,486	-
Arising from acquisition of subsidiaries	40,073,468	-
Costs incurred during the financial year	13,344,805	-
Balance at end	<u>64,158,759</u>	<u>-</u>
Represented by:		
Freehold land	36,392,694	-
Development costs	27,766,065	-
	<u>64,158,759</u>	<u>-</u>

The cost of inventories recognised as cost of sales in profit or loss during the financial year is **RM131,280,613** (2018: RM120,497,502).

## 6. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
At fair value:				
Balance at beginning	49,219,999	45,511,800	30,603,296	29,856,875
Acquisition of subsidiaries	14,900,000	-	-	-
Additions	15,212,182	1,150,550	4,950,702	-
Disposal	-	(950,000)	-	-
Gain from fair value adjustment	3,100,000	3,507,649	-	746,421
Balance at end	<u>82,432,181</u>	<u>49,219,999</u>	<u>35,553,998</u>	<u>30,603,296</u>

The investment properties consist of the following:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Commercial properties	53,870,701	48,919,999	35,553,998	30,603,296
Non-commercial properties	28,561,480	300,000	-	-
	<u>82,432,181</u>	<u>49,219,999</u>	<u>35,553,998</u>	<u>30,603,296</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 6. INVESTMENT PROPERTIES (Cont'd)

- (i) Certain investment properties of the Group and of the Company with carrying amount of **RM45,950,701** (2018: RM41,000,000) and **RM35,553,998** (2018: RM30,603,296) respectively are pledged to financial institutions for banking facilities granted to the Company and certain subsidiaries as disclosed in Note 21 to the financial statements.
- (ii) The following amounts are recognised in profit or loss in respect of investment properties:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Rental income from rental generating properties	<b>3,000,980</b>	2,263,955	<b>2,641,872</b>	2,139,682
Direct operating expenses arising from:				
- Rental generating properties	<b>202,093</b>	280,436	<b>187,858</b>	192,585
- Non-rental generating properties	<b>123,098</b>	603	-	-

- (iii) Fair value measurement of the investment properties is further disclosed in Note 38 to the financial statements.

## 7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2019 RM	2018 RM
Unquoted shares, at cost	<b>132,898,232</b>	112,898,232
Less: Accumulated impairment loss	<b>(57,423,688)</b>	(57,423,688)
	<b>75,474,544</b>	55,474,544

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 7. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries, all of which were incorporated in Malaysia, are as follows:

Name of Entity	Effective Equity Interest		Principal Activities
	2019 %	2018 %	
<b>Direct subsidiaries</b>			
SMPC Industries Sdn. Bhd.	100	100	Metal sheet and coil processing centre with main services in shearing and reshearing.
SMPC Marketing Sdn. Bhd.	100	100	Dormant.
Edit Systems (M) Sdn. Bhd.	70	70	Dormant.
Syarikat Perkilangan Besi Gaya Sdn. Bhd.	100	100	Shredding, shearing, processing and trading of ferrous and non-ferrous scrap metals.
Duro Metal Industrial (M) Sdn. Bhd.	60	60	Manufacturing of steel roofing, wall cladding sheets and other steel related products and provision of related services.
Park Avenue Construction Sdn. Bhd.	100	100	Investment holding and provision of recreational and leisure activity.
SMPC Dexon Sdn. Bhd.	100	100	Manufacturing and trading of steel and other types of furniture and provision of related services.
Metal Perforators (Malaysia) Sdn. Bhd.	60	60	Manufacturing and marketing of perforated metals, cable support systems and screen plates.
Kembang Kartika Sdn. Bhd.	100	100	Property development.
* Tetap Gembira Development Sdn. Bhd.	55	55	Property development.
* Sunrise Manner Sdn. Bhd.	80	-	Property development.
<b>Indirect - held through SMPC Marketing Sdn. Bhd.</b>			
Progerex Sdn. Bhd.	100	100	Shredding, processing and trading of ferrous and non-ferrous scrap metals.
<b>Indirect - held through Duro Metal Industrial (M) Sdn. Bhd.</b>			
Atta Properties Sdn. Bhd.	100	100	Investment holding and property development.
<b>Indirect - held through Park Avenue Construction Sdn. Bhd.</b>			
* Sungguh Gemilang Development Sdn. Bhd.	100	-	Property development.
* Sparkle Gateway Sdn. Bhd.	100	-	Investment holding.
<b>Indirect - held through Atta Properties Sdn. Bhd.</b>			
* Eminent Potential Sdn. Bhd.	100	-	Property development.
* Scanrite Sdn. Bhd.	100	-	Property development.
<b>Indirect - held through Sunrise Manner Sdn. Bhd.</b>			
* Sunrise Concept Sdn. Bhd.	80	-	Dormant.
* Not audited by Grant Thornton.			

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 7. INVESTMENT IN SUBSIDIARIES (Cont'd)

### 2019

- (i) On 24 May 2018, the Group through Park Avenue Construction Sdn. Bhd. ("PACSB") had acquired 250,000 ordinary shares, representing 100% equity interest in Sungguh Gemilang Development Sdn. Bhd. ("SGDSB") for a total cash consideration of RM1,150,000.
- (ii) On 15 August 2018, the Group through Atta Properties Sdn. Bhd. had acquired 1,500,000 ordinary shares, representing 100% equity interest each in Eminent Potential Sdn. Bhd. ("EPSB") and Scanrite Sdn. Bhd. ("SSB") for a total cash consideration of RM4,000,000 and RM2,000,000 respectively.
- (iii) On 4 October 2018, the Company had subscribed for 2,000,000 ordinary shares, representing 80% equity interest in Sunrise Manner Sdn. Bhd. ("SMSB") for a total cash consideration of RM20,000,000. Subsequent to the acquisition, SMSB became a subsidiary of the Company.
- (iv) On 12 October 2018, the Group through PACSB had acquired 2 ordinary shares, representing 100% equity interest in Sparkle Gateway Sdn. Bhd. for a total cash consideration of RM2.
- (v) On 11 February 2019, the Group through SMSB had incorporated a new wholly-owned subsidiary namely, Sunrise Concept Sdn. Bhd. with an issued share capital of RM1 comprising of 1 ordinary share.

### 2018

- (i) During the previous financial year, the Company has subscribed for 1,237,500 ordinary shares representing 55% equity interest in Tetap Gembira Development Sdn. Bhd. ("TG") for a total consideration of RM6,187,500. Subsequent to subscription, TG become the subsidiary of the Company.
- (ii) On 18 December 2017, the Company has subscribed for additional 9,300,000 and 10,300,000 ordinary shares in Duro Metal Industrial Sdn. Bhd. ("DMI") and Metal Perforators (Malaysia) Sdn. Bhd. ("MPM"), both wholly-owned subsidiary of the Company, at an issue price of RM0.925 and RM0.971 each ordinary share respectively.

On 22 December 2017, pursuant to the Shareholders Agreement entered between the Company and Shree Dhana Holdings Sdn. Bhd. ("SDH"), the wholly owned subsidiaries of the Company, namely DMI and MPM, have each allotted 7,200,000 ordinary shares to SDH on 3 January 2018 at an issue price of RM0.50 per share.

Subsequent to the allotments, the Company's interest in DMI and MPM were diluted to 60% each.

### Subsidiaries with material non-controlling interests

The Group's subsidiaries, namely DMI, MPM, TG and SMSB have material non-controlling interests which are set out below. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2019 %	2018 %
DMI	40.00	40.00
MPM	40.00	40.00
TG	45.00	45.00
SMSB	20.00	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 7. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Subsidiaries with material non-controlling interests (Cont'd)

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before intercompany elimination.

#### GROUP

	DMI RM	MPM RM	TG RM	SMSB RM	Total RM
<b>As at 31 March 2019</b>					
Non-current assets	4,279,541	7,102,358	269	894,478	12,276,646
Non-current liabilities	(564,298)	(1,902,636)	-	-	(2,466,934)
Current assets	22,111,943	12,340,713	12,079,192	57,320,406	103,852,254
Current liabilities	(12,355,349)	(3,066,859)	(11,527,122)	(12,291,620)	(39,240,950)
Net assets	<u>13,471,837</u>	<u>14,473,576</u>	<u>552,339</u>	<u>45,923,264</u>	<u>74,421,016</u>
<b>Year ended 31 March 2019</b>					
Revenue	<u>32,131,717</u>	<u>19,069,891</u>	-	<u>991,199</u>	<u>52,192,807</u>
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	<u>(155,745)</u>	<u>256,346</u>	<u>(20,933)</u>	<u>(662,552)</u>	<u>(582,884)</u>
Net cash generated from/ (used in):					
Operating activities	776,067	365,060	(2,972)	(9,424,979)	(8,286,824)
Investing activities	(443,563)	(558,342)	-	261,319	(740,586)
Financing activities	(432,103)	(179,269)	(74,866)	20,000,000	19,313,762
Net change in cash and cash equivalents	<u>(99,599)</u>	<u>(372,551)</u>	<u>(77,838)</u>	<u>10,836,340</u>	<u>10,286,352</u>
Dividends paid to non-controlling interests	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 7. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Subsidiaries with material non-controlling interests (Cont'd)

	DMI RM	MPM RM	TG RM	Total RM
<b>As at 31 March 2018</b>				
Non-current assets	4,356,981	7,242,073	627	11,599,681
Non-current liabilities	(725,673)	(2,143,149)	-	(2,868,822)
Current assets	22,100,012	17,924,267	11,936,738	51,961,017
Current liabilities	(12,103,738)	(8,734,118)	(11,364,093)	(32,201,949)
Net assets	<u>13,627,582</u>	<u>14,289,073</u>	<u>573,272</u>	<u>28,489,927</u>
<b>Year ended 31 March 2018</b>				
Revenue	<u>34,963,744</u>	<u>21,993,980</u>	<u>-</u>	<u>56,957,724</u>
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	<u>(402,921)</u>	<u>1,103,813</u>	<u>(20,285)</u>	<u>680,607</u>
Net cash (used in)/generate from:				
Operating activities	(278,272)	1,254,361	(154,833)	821,256
Investing activities	(3,760,949)	(231,239)	-	(3,992,188)
Financing activities	<u>3,311,586</u>	<u>(408,909)</u>	<u>(1,940)</u>	<u>2,900,737</u>
Net change in cash and cash equivalents	<u>(727,635)</u>	<u>614,213</u>	<u>(156,773)</u>	<u>(270,195)</u>
Dividends paid to non-controlling interests	<u>1,400,000</u>	<u>960,000</u>	<u>-</u>	<u>2,360,000</u>

## 8. GOODWILL ON CONSOLIDATION

	GROUP	
	2019 RM	2018 RM
Balance at beginning	909,220	-
Arising from acquisition of subsidiaries	<u>6,798,696</u>	909,220
Balance at end	<u>7,707,916</u>	909,220

### Impairment test on goodwill

Goodwill acquired through business combinations has been allocated to its business segment as its cash generating unit ("CGU").

For annual impairment testing purposes, the recoverable amount of the CGU is determined based on its value-in-use, which applies a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 8. GOODWILL ON CONSOLIDATION (Cont'd)

### Impairment test on goodwill (Cont'd)

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

- (i) Cash flow projections  
The five-year cash flow projections are based on the most recent budget approved by the management and management's assessment of future trends of the various businesses which are based on both external and internal sources (historical data).
- (ii) Discount rate  
The discount rate of **6.75%** (2018: 6.85%) is applied to the cash flow projections and based on the weighted average cost of capital rate of the Group.

## 9. OTHER INVESTMENTS

	GROUP	
	2019 RM	2018 RM
<b># Financial assets at fair value through profit or loss</b>		
Securities quoted in Malaysia	<b>11,848,320</b>	-
Loan stocks quoted in Malaysia	<b>5,144,334</b>	-
<b>Financial assets at available-for-sale at fair value</b>		
Securities quoted in Malaysia	-	27,154,534
<b>Financial assets at held-to-maturity at cost</b>		
Loan stocks quoted in Malaysia	-	15,164,304
	<b>16,992,654</b>	<b>42,318,838</b>
Analysed as:		
Non-current assets	-	42,318,838
Current assets	<b>16,992,654</b>	-
	<b>16,992,654</b>	<b>42,318,838</b>

# Upon adoption of MFRS 9 on 1 April 2018, the other investments previously classified under financial assets at available for sales and at held to maturity are now classified to financial assets at fair value through profit or loss. The comparative amount under MFRS 139, is not restated.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 10. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2019 RM	2018 RM
Balance at beginning	10,740,486	-
Arising from acquisition of subsidiaries	-	9,662,051
Costs incurred during the financial year	-	1,078,435
Reclassified to inventories (Note 5)	(10,740,486)	-
Balance at end	<u>-</u>	<u>10,740,486</u>
Represented by:		
Freehold land	-	9,193,803
Development costs	<u>-</u>	<u>1,546,683</u>
	<u>-</u>	<u>10,740,486</u>

Upon the withdrawal of FRS 201 Property Development Activities, the Group has classified property development costs as part of inventories in accordance with MFRS 102 Inventories.

## 11. TRADE AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Trade</b>					
Third parties	11.1	23,004,861	33,005,396	-	-
Less: Allowance for expected credit losses/Impairment losses		(3,282,227)	(2,819,465)	-	-
Trade receivables, net		<u>19,722,634</u>	<u>30,185,931</u>	<u>-</u>	<u>-</u>
<b>Non-trade</b>					
Third parties	11.2	10,273,164	23,058,067	36,243	25,407
Less: Allowance for expected credit losses/Impairment losses		(1,216,154)	(989,617)	-	(13,150)
Other receivables, net		9,057,010	22,068,450	36,243	12,257
Earnest deposit	11.3	30,000,000	-	30,000,000	-
Advance to suppliers		779,823	8,068,649	-	-
Deposits	11.4	783,208	5,271,034	67,001	67,001
Prepayments		1,074,500	869,372	85,876	8,003
GST receivables		483,736	549,128	-	-
Amount due from subsidiaries	11.5	-	-	199,959,038	202,782,408
		<u>42,178,277</u>	<u>36,826,633</u>	<u>230,148,158</u>	<u>202,869,669</u>
		<u>61,900,911</u>	<u>67,012,564</u>	<u>230,148,158</u>	<u>202,869,669</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

The currency profile of trade and other receivables is as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	<b>60,735,345</b>	66,163,330	<b>230,148,158</b>	202,869,669
US Dollar	<b>861,062</b>	340,686	-	-
Singapore Dollar	<b>304,504</b>	508,548	-	-
	<b><u>61,900,911</u></b>	<u>67,012,564</u>	<b><u>230,148,158</u></b>	<u>202,869,669</u>

### 11.1 Trade receivables

#### GROUP

- (i) Trade receivables are non-interest bearing and are generally given **14 to 120 days** (2018: 14 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (ii) Included herein is retention sum of **RM1,961,114** (2018: RM3,118,424) relating to the supply of steel roofing, cable support system and its related accessories.
- (iii) The movement of allowance for expected credit losses/impairment losses is as follows:

	2019 RM	2018 RM
Balance at beginning	<b>2,819,465</b>	2,819,465
Effects of adopting MFRS 9	<b>287,185</b>	-
Balance at beginning, restated	<b>3,106,650</b>	2,819,465
Current year	<b>175,577</b>	-
Balance at end	<b><u>3,282,227</u></b>	<u>2,819,465</u>

- (iv) Offsetting of financial instruments

The following table provides information of financial assets and liabilities that have been off set for presentation purpose because they have enforceable right to off set and they intend either to settle on a net basis, or to realise the asset and settle the liability separately:

	Gross amount RM	Off Set RM	Net carrying amount RM
<b>2019</b>			
Trade receivables	<b>20,635,481</b>	<b>(912,847)</b>	<b>19,722,634</b>
Trade payables	<b>(11,200,591)</b>	<b>912,847</b>	<b>(10,287,744)</b>
<b>2018</b>			
Trade receivables	31,067,613	(881,682)	30,185,931
Trade payables	(12,004,851)	875,782	(11,129,069)
Other payables	(5,313,992)	5,900	(5,308,092)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

### 11.2 Other receivables

#### GROUP

Included herein are the following:

- (i) An amount of **RM440,000** (2018: RM240,000) due from a corporate shareholder of a subsidiary. The amount is unsecured, non-interest bearing and is repayable on demand.
- (ii) In the comparative, there was an amount of RM12,000,000 paid to a legal firm as stakeholder, for the acquisition of 100% equity interest in Sungguh Gemilang Development Sdn. Bhd. The acquisition was completed in the current financial year.

#### GROUP AND COMPANY

The movements of allowance for expected credit losses/impairment losses are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Balance at beginning	<b>989,617</b>	3,384,930	<b>13,150</b>	13,150
Effects of adopting MFRS 9	<b>9,303</b>	-	-	-
Balance at beginning, restated	<b>998,920</b>	3,384,930	<b>13,150</b>	13,150
Current year	<b>316,317</b>	214,743	-	-
Recovered	-	(2,610,056)	-	-
Written off	<b>(99,083)</b>	-	<b>(13,150)</b>	-
Balance at end	<b>1,216,154</b>	989,617	-	13,150

### 11.3 Earnest deposit

#### GROUP AND COMPANY

The earnest deposit of **RM30,000,000** was paid to a legal firm as stakeholder, for a proposed joint venture mix development project.

### 11.4 Deposits

#### GROUP

Included in the previous financial year was non-refundable deposits amounting to RM4,800,000 paid for the acquisition of 6 units of residential bungalow which acquisition were completed in the current financial year.

### 11.5 Amount due from subsidiaries

#### COMPANY

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

### 12. CONTRACT ASSETS

	GROUP	
	2019 RM	2018 RM
Unbilled rights to consideration for work completed	<b>690,239</b>	-

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

### 13. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Encumbered	<b>1,689,962</b>	1,632,243	<b>607,044</b>	589,243
Unencumbered	<b>14,517,753</b>	78,194,542	-	-
	<b>16,207,715</b>	79,826,785	<b>607,044</b>	589,243

The encumbered fixed deposits are pledged to licensed banks for banking facilities granted to the Company.

The effective interest rates of fixed deposits as at the end of the reporting period range from **3.00 to 4.20%** (2018: 3.00% to 3.40%) per annum.

### 14. CASH AND BANK BALANCES

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	<b>62,579,529</b>	50,694,116	<b>533,979</b>	41,897,494
US Dollar	<b>105,506</b>	417,766	-	-
	<b>62,685,035</b>	51,111,882	<b>533,979</b>	41,897,494

### 15. NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2019 RM	2018 RM
<b>Freehold land and building</b>		
Balance at beginning	<b>1,500,000</b>	-
Addition	-	1,500,000
Reclassified to property, plant and equipment	<b>(1,500,000)</b>	-
Balance at end	<b>-</b>	1,500,000

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 15. NON-CURRENT ASSETS HELD FOR SALE (Cont'd)

The freehold land and building have been reclassified to property, plant and equipment as the directors are of the opinion that the disposal cannot be completed within the next twelve months after the reporting date due to dispute with the buyer and is under litigation.

## 16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid:				
Balance at beginning	<b>208,318,936</b>	79,697,253	<b>208,203,372</b>	93,787,046
Issued during the financial year:				
Arising from conversion of ICULS	-	74,807,100	-	73,570,917
Arising from conversion of ICPS	<b>5,000,000</b>	45,465,000	<b>4,000,000</b>	36,372,000
ESOS exercised	-	1,839,183	-	1,893,398
Rights issue expenses	-	-	-	(763,301)
Share dividend	-	-	-	(3,167,088)
Warrant exercised	-	6,510,400	-	6,510,400
Balance at end	<b><u>213,318,936</u></b>	<u>208,318,936</u>	<b><u>212,203,372</u></b>	<u>208,203,372</u>

### 2019

During the financial year, the Company had issued 5,000,000 new ordinary shares pursuant to the conversion of 5-year ICPS at a conversion price of RM0.80 each raising RM4,000,000 worth of share capital.

### 2018

Details on the increase in share capital were as follows:

- (i) Issuance of 74,807,100 new ordinary shares pursuant to the conversion of 74,807,100 ICULS at a conversion price of RM0.87 each;
- (ii) Issuance of 1,298,461 and 540,722 new ordinary shares for cash arising from the exercise of employees' share options at an exercise price of RM1 and RM0.87 each respectively;
- (iii) Issuance of 6,510,400 new ordinary shares pursuant to the conversion of 6,510,400 10-year free detachable warrants 2014/2024 ("Warrant C") at an exercise price of RM1 each; and
- (iv) Issuance of 45,465,000 new ordinary shares pursuant to the conversion of 45,465,000 5-year ICPS at a conversion price of RM0.80 each.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 17. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	Number of ICPS of RM0.08 each		Amount	
	2019	2018	2019 RM	2018 RM
Balance at beginning	<b>1,176,961,720</b>	-	<b>94,156,938</b>	-
Subscription of right issues	-	1,222,426,720	-	97,794,138
Converted to ordinary shares	<b>(5,000,000)</b>	(45,465,000)	<b>(400,000)</b>	(3,637,200)
Balance at end	<b>1,171,961,720</b>	1,176,961,720	<b>93,756,938</b>	94,156,938

The ICPS issued pursuant to the Rights Issue at an issued price of RM0.08 each have been admitted to the Official List of Bursa Malaysia Securities Berhad and the listing and quotation of the ICPS on the Main Market were granted with effect from 6 December 2017.

The salient features of the ICPS are as follows:

- (i) Each registered holder of the ICPS shall have the right at any time during the conversion period of five years commencing from and including the date of issue of the ICPS up to the maturity date of 28 November 2022 which is the date immediately preceding the fifth anniversary of the issue date of the ICPS.
- (ii) Based on the conversion price of RM0.80, ICPS can be converted by way of surrendering ten ICPS of RM0.08 each for one new ordinary share or by surrendering for cancellation with a minimum of one ICPS with an aggregate value below conversion price of RM0.08 each and paying the difference between the aggregate value of the ICPS surrendered and the conversion price in cash for one new ordinary share.
- (iii) The ICPS have a tenure period of 5 years from the date of issue and will not be redeemable in cash. All outstanding ICPS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM0.80 each on the maturity date, with any fractional new shares arising from the mandatory conversion of the ICPS and the maturity date shall be disregarded.
- (iv) A cumulative preference dividend rate of RM0.40 per hundred ICPS per annum if declared, shall be payable annually in arrears out of post taxation profits.
- (v) Upon conversion of the ICPS into new ordinary shares, such shares would rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid prior to the date of the new shares allotment.

## 18. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Number of ICULS of RM0.10 each		Amount	
	2019	2018	2019 RM	2018 RM
Balance at beginning	<b>123,489,869</b>	198,296,969	<b>12,348,987</b>	19,829,697
Converted to ordinary shares	-	(74,807,100)	-	(7,480,710)
Balance at end	<b>123,489,869</b>	123,489,869	<b>12,348,987</b>	12,348,987

The ICULS at nominal value of RM0.10 each were constituted by a Trust Deed dated 28 March 2012 made between the Company and the Trustee for the holders of the ICULS.

The salient features of the ICULS are as follows:

- (i) The ICULS shall be convertible into fully paid-up ordinary shares at any time during the tenure of the ICULS from the date of issue of the ICULS up to and including the maturity date of 15 April 2022 by surrendering ten ICULS of RM0.10 each for one new ordinary share or by surrendering for cancellation one ICULS of RM0.10 each and paying the difference between the nominal value of ICULS and conversion price of RM1 each.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 18. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (Cont'd)

The salient features of the ICULS are as follows: (Cont'd)

- (ii) The ICULS have a tenure period of 10 years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price of RM1 each on the maturity date, with any fractional new shares arising from the mandatory conversion of the ICULS and the maturity date shall be disregarded.
- (iii) Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date is before the new share allotment.

## 19. OTHER RESERVES

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:					
Treasury shares	19.1	(406)	(406)	(406)	(406)
Warrants reserve	19.2	4,203,130	4,203,130	4,203,130	4,203,130
Discount on shares	19.2	(4,122,590)	(4,122,590)	(4,122,590)	(4,122,590)
Fair value reserve	19.3	-	3,863,384	-	-
Capital reserve	19.4	(262,746)	(262,746)	7,445,000	7,445,000
ESOS reserve	19.5	133,895	156,598	133,895	156,598
		<u>(48,717)</u>	<u>3,837,370</u>	<u>7,659,029</u>	<u>7,681,732</u>

### 19.1 Treasury shares

The details of the treasury shares during the financial year are as follows:

	2019		2018	
	No. of shares	RM	No. of shares	RM
Balance at beginning	774	406	3,955,200	2,596,024
Purchase of shares	-	-	518,100	571,470
Share dividends	-	-	(4,472,526)	(3,167,088)
Balance at end	<u>774</u>	<u>406</u>	<u>774</u>	<u>406</u>

#### 2019

Out of the total **213,318,936** (2018: 208,318,936) issued ordinary shares as at 31 March 2019, **774** (2018: 774) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue is therefore **213,318,162** (2018: 208,318,162) ordinary shares.

#### 2018

In the previous financial year, the Company repurchased 518,100 of its issued share capital from the open market at an average price of RM1.10 per share. The shares repurchased were financed by internally generated funds.

On 30 May 2017, a share dividend distribution of 4,472,526 treasury shares valued at RM3,167,088 on the basis of one treasury share for every twenty ordinary shares were distributed.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 19. OTHER RESERVES (Cont'd)

### 19.2 Warrants reserve and Discount on shares

The warrants reserve comprises the fair values of the following Warrants:

	GROUP AND COMPANY	
	2019 RM	2018 RM
Warrants B expiring 9 May 2022 (Note (i))	3,186,005	3,186,005
Warrants C expiring 24 November 2024 (Note (ii))	1,017,125	1,017,125
	<b>4,203,130</b>	<b>4,203,130</b>

(i) Warrants B

On 7 May 2012, the Company issued 20,338,186 10-year free detachable warrants 2012/2022 ("Warrants B"). The Warrants B are constituted by a deed poll dated 28 March 2012 and are listed on Bursa Malaysia on 16 May 2012.

On 24 November 2014, 1,044,807 additional Warrants B are issued pursuant to the adjustment made to the outstanding Warrants B consequent to a rights issue exercise.

On 6 December 2017, 3,236,681 additional Warrants B are issued pursuant to the adjustment made to the outstanding Warrants B consequent to a rights issue exercise of ICPS.

During the financial year, no Warrants B were exercised. As at 31 March 2019, there was a total of 24,619,674 unexercised Warrants B.

(ii) Warrants C

On 18 November 2014, the Company issued 10,711,565 10-year free detachable warrants 2014/2024 ("Warrants C"). The Warrants C are constituted by a deed poll dated 9 October 2014 and are listed on Bursa Malaysia on 25 November 2014.

On 6 December 2017, 635,888 additional Warrants C are issued pursuant to the adjustment made to the outstanding Warrants C consequent to a rights issue exercise of ICPS.

During the financial year, no Warrants C were exercised. As at 31 March 2019, there was a total of 4,837,053 unexercised Warrants C.

The main features of the Warrants are as follows:

- Each Warrant entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share each in the Company at an exercise price of RM1 per ordinary share.
- The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll.
- The Warrants shall be exercisable at any time within the period commencing on and including the date of issue of the Warrants until the last market day prior to the tenth anniversary of the date of issue of the Warrants.
- Upon exercise of the Warrants into new ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of the Company in issue at the time of exercise except that they shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the Warrants.
- The Warrants holders are not entitled to any voting right or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrants holders exercise their Warrants for new ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 19. OTHER RESERVES (Cont'd)

### 19.2 Warrants reserve and Discount on shares (Cont'd)

#### (ii) Warrants C (Cont'd)

- At the expiry of the exercise period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

### 19.3 Fair value reserve

	GROUP	
	2019 RM	2018 RM
Balance at beginning	3,863,384	298,656
Effects of adopting MFRS 9	<u>(3,863,384)</u>	-
Balance at beginning, restated	-	298,656
Fair value changes in available-for-sale financial assets	-	3,835,264
Net gain on available-for-sale financial assets transfer to profit or loss upon disposal	-	<u>(270,536)</u>
Balance at end	<u>-</u>	<u>3,863,384</u>

Fair value reserve represented the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired. However, upon the adoption of MFRS 9 on 1 April 2018, the Group has reclassified other investments which were previously classified as financial assets at available-for-sales to financial assets at fair value through profit or loss. As a result, the related fair value reserve previously recorded was transferred to retained profits as at 1 April 2018.

### 19.4 Capital reserve

#### GROUP

Capital reserve represents the premium paid for the acquisition from its non-controlling interest of a subsidiary and the Group's share of net assets before and after the change in its ownership interest.

#### COMPANY

Capital reserve represents the excess of sales consideration over the carrying amount of the net assets transferred to a subsidiary.

### 19.5 ESOS reserve

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Balance at beginning	156,598	329,781	156,598	60,835
Share options exercised	-	(124,509)	-	(124,509)
Share options lapsed	<u>(22,703)</u>	-	<u>(22,703)</u>	-
Share based payment transactions	-	<u>(48,674)</u>	-	<u>220,272</u>
Balance at end	<u>133,895</u>	<u>156,598</u>	<u>133,895</u>	<u>156,598</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 19. OTHER RESERVES (Cont'd)

### 19.5 ESOS reserve (Cont'd)

The ESOS reserve represents the equity-settled share options granted to employees of certain subsidiaries and the Company's directors. The share option reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options and is reduced by the expiry or exercise of the share options.

## 20. RETAINED PROFITS

### COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

## 21. BORROWINGS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Non-current liabilities</b>				
<u>Finance lease liabilities</u>				
Minimum payment:				
Within 1 year	1,503,322	1,809,893	180,956	83,676
Later than 1 year but not later than 2 years	669,742	1,357,306	131,444	83,676
Later than 2 years but not later than 5 years	197,443	709,684	17,380	55,764
	<b>2,370,507</b>	3,876,883	<b>329,780</b>	223,116
Future finance charges	(103,681)	(282,919)	(14,917)	(12,215)
	<b>2,266,826</b>	3,593,964	<b>314,863</b>	210,901
Amount due within 1 year included under current liabilities	(1,415,835)	(1,633,217)	(170,241)	(76,319)
	<b>850,991</b>	1,960,747	<b>144,622</b>	134,582
<u>Term loan</u>				
Total amount repayable	4,164,492	5,550,924	4,164,492	5,550,924
Amount due within 1 year included under current liabilities	(1,473,174)	(1,346,329)	(1,473,174)	(1,346,329)
	<b>2,691,318</b>	4,204,595	<b>2,691,318</b>	4,204,595
	<b>3,542,309</b>	6,165,342	<b>2,835,940</b>	4,339,177
<b>Current liabilities</b>				
Bank overdraft	456,858	396,533	-	-
Bankers acceptance	344,000	379,000	-	-
Finance lease liabilities	1,415,835	1,633,217	170,241	76,319
Term loan	1,473,174	1,346,329	1,473,174	1,346,329
	<b>3,689,867</b>	3,755,079	<b>1,634,415</b>	1,422,648
<b>Total borrowings</b>	<b>7,232,176</b>	9,920,421	<b>4,479,355</b>	5,761,825

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 21. BORROWINGS (Cont'd)

The borrowings of the Group and of the Company are secured by way of:

- (i) Legal charges and deed of assignment over certain land and buildings of the Company and its subsidiaries,
- (ii) Corporate guarantee of the Company,
- (iii) Pledge of fixed deposits, and
- (iv) Leased assets as disclosed in Note 4(i).

A summary of the effective interest rates and the maturities of the borrowings at the reporting date are as follows:

	Average effective interest rate per annum (%)	Total RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
<b>GROUP</b>					
<b>2019</b>					
Bank overdraft	9.14	456,858	456,858	-	-
Bankers acceptance	5.85	344,000	344,000	-	-
Finance lease liabilities	2.13 to 4.10	2,266,826	1,415,835	646,915	204,076
Term loan	8.20	4,164,492	1,473,174	1,598,619	1,092,699
<b>2018</b>					
Bank overdraft	8.85	396,533	396,533	-	-
Bankers acceptance	5.57	379,000	379,000	-	-
Finance lease liabilities	2.13 to 4.10	3,593,964	1,633,217	1,340,229	620,518
Term loan	8.20	5,550,924	1,346,329	1,460,974	2,743,621
<b>COMPANY</b>					
<b>2019</b>					
Finance lease liabilities	2.13 to 2.20	314,863	170,241	127,490	17,132
Term loan	8.20	4,164,492	1,473,174	1,598,619	1,092,699
<b>2018</b>					
Finance lease liabilities	2.13	210,901	76,319	134,582	-
Term loan	8.20	5,550,924	1,346,329	1,460,974	2,743,621

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

### 22. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Revaluation surplus</b>				
Balance at beginning	1,937,159	2,030,171	908,524	957,085
Recognised in profit or loss	<u>650,988</u>	<u>(93,012)</u>	<u>(48,561)</u>	<u>(48,561)</u>
Balance at end	<b>2,588,147</b>	1,937,159	<b>859,963</b>	908,524
<b>Other temporary differences</b>				
Balance at beginning	2,473,919	1,855,584	828,280	712,459
Arising from acquisition of subsidiaries	16,000	-	-	-
Recognised in profit or loss	212,000	793,335	155,000	116,821
	<u>2,701,919</u>	<u>2,648,919</u>	<u>983,280</u>	<u>829,280</u>
Over provision in prior year	(317,000)	(175,000)	(305,000)	(1,000)
Balance at end	<u>2,384,919</u>	<u>2,473,919</u>	<u>678,280</u>	<u>828,280</u>
	<b>4,973,066</b>	<b>4,411,078</b>	<b>1,538,243</b>	<b>1,736,804</b>

The net deferred tax liabilities are represented by temporary differences arising from:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Revaluation surplus	2,588,147	1,937,159	859,963	908,524
Property, plant and equipment	2,555,000	3,306,836	1,550,000	1,761,000
Surplus on fair value of investment properties	995,919	394,083	294,280	294,280
Unabsorbed tax losses	(176,000)	(162,000)	(176,000)	(162,000)
Unabsorbed capital allowances	<u>(990,000)</u>	<u>(1,065,000)</u>	<u>(990,000)</u>	<u>(1,065,000)</u>
	<b>4,973,066</b>	<b>4,411,078</b>	<b>1,538,243</b>	<b>1,736,804</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 23. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Trade</b>					
Third parties	23.1	10,287,744	11,129,069	-	-
<b>Non-trade</b>					
Third parties		3,176,325	5,308,092	79,894	84,320
Accruals		1,339,539	1,387,616	76,500	212,767
Prepayments and deposits received for letting of properties		786,647	665,157	344,592	344,592
GST payable		-	548,753	-	4,649
Advances from customers		-	597,013	-	-
Amount due to a subsidiary	23.2	-	-	651,254	651,254
Amount due to directors	23.3	14,302,366	4,048,900	-	-
		<b>19,604,877</b>	12,555,531	<b>1,152,240</b>	1,297,582
		<b>29,892,621</b>	23,684,600	<b>1,152,240</b>	1,297,582

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Ringgit Malaysia	29,892,621	23,407,103	1,152,240	1,297,582
US Dollar	-	277,497	-	-
	<b>29,892,621</b>	23,684,600	<b>1,152,240</b>	1,297,582

### 23.1 Trade payables

#### GROUP

The trade payables are non-interest bearing and are normally settled within **14 to 90 days** (2018: 14 to 60 days) credit terms.

### 23.2 Amount due to a subsidiary

#### COMPANY

The amount due to a subsidiary is unsecured, non-interest bearing and is repayable on demand.

### 23.3 Amount due to directors

#### GROUP

The amount due to directors is unsecured, non-interest bearing and is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 24. CONTRACT LIABILITIES

	GROUP	
	2019 RM	2018 RM
This is in respect of deposits received from customers for sales orders	<b>63,572</b>	-

## 25. REVENUE

### 25.1 Disaggregated revenue information

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Types of goods or services:				
Sale of goods	<b>143,538,415</b>	148,927,537	-	-
Shearing services	<b>5,598,837</b>	4,720,633	-	-
Property development	<b>991,199</b>	-	-	-
Rental of industrial and commercial assets	<b>2,671,882</b>	2,179,682	<b>2,641,872</b>	2,139,682
Gross dividend income from investments in quoted securities	<b>30,000</b>	30,000	-	-
Gross dividend income from subsidiaries	-	-	<b>14,000,000</b>	5,790,000
Management fee from subsidiaries	-	-	<b>996,000</b>	996,000
	<b>152,830,333</b>	155,857,852	<b>17,637,872</b>	8,925,682

### Geographical segments

	GROUP	COMPANY
	2019 RM	2019 RM
Malaysia	<b>147,028,597</b>	<b>17,637,872</b>
Others	<b>5,801,736</b>	-
	<b>152,830,333</b>	<b>17,637,872</b>

### Timing of revenue recognition

	GROUP	COMPANY
	2019 RM	2019 RM
Revenue recognised at a point in time	<b>151,839,134</b>	<b>17,637,872</b>
Revenue recognised over time	<b>991,199</b>	-
	<b>152,830,333</b>	<b>17,637,872</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 25. REVENUE (Cont'd)

### 25.2 Contract balances

	GROUP 2019 RM
Trade receivables (Note 11)	19,722,634
Contract assets (Note 12)	690,239
Contract liabilities (Note 24)	<u>63,572</u>

### 25.3 Performance obligations

Performance obligations of respective revenue are disclosed in Note 3.13 to the financial statements.

## 26. OTHER INCOME

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Debts waived by trade and other payables and amount due to directors	1,654,023	-	-	-
Dividend income	560,597	21,084	-	-
Fair value gain on investment properties (Note 6)	3,100,000	3,507,649	-	746,421
Forwarding income	50,000	-	-	-
Gain on bargain purchase	16,875,058	-	-	-
Gain on disposal of investments in quoted securities	1,336,051	20,786,911	-	-
Gain on disposal of property, plant and equipment	60,998	1,360,549	-	207,742
Interest income	2,500,843	436,475	467,202	113,360
Net fair value adjustment on available-for-sale financial assets upon disposal	175,000	270,536	-	-
Realised gain on foreign exchange	242,531	311,947	-	-
Recovery of impairment loss on receivables	-	2,610,056	-	-
Rental income	1,275,095	1,132,879	-	-
Others	737,037	729,029	262,198	-
	<u>28,567,233</u>	<u>31,167,115</u>	<u>729,400</u>	<u>1,067,523</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

### 27. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Wages, salaries and bonus	<b>9,767,808</b>	9,045,510	<b>588,753</b>	631,999
Contributions to defined contribution plan	<b>836,038</b>	752,812	<b>70,214</b>	66,210
Employment insurance system	<b>9,441</b>	-	<b>514</b>	-
Social security contributions	<b>86,071</b>	79,058	<b>4,886</b>	4,325
Other benefits	<b>445,387</b>	330,776	<b>44,273</b>	38,745
	<b>11,144,745</b>	10,208,156	<b>708,640</b>	741,279

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to **RM1,348,106** (2018: RM775,302) and **RM295,680** (2018: RM295,680) respectively, as further disclosed in Note 28.

### 28. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	<b>524,400</b>	581,100	<b>264,000</b>	264,000
Defined contribution plans	<b>61,632</b>	69,732	<b>31,680</b>	31,680
	<b>586,032</b>	650,832	<b>295,680</b>	295,680
Non-executive:				
Fee	<b>72,000</b>	36,000	<b>72,000</b>	36,000
<b>Directors of subsidiaries:</b>				
Executive:				
Salaries and other emoluments	<b>684,367</b>	112,800	-	-
Defined contribution plans	<b>77,707</b>	11,670	-	-
	<b>762,074</b>	124,470	-	-
<b>Total directors' remuneration</b>	<b>1,420,106</b>	811,302	<b>367,680</b>	331,680

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 28. DIRECTORS' REMUNERATION (Cont'd)

Directors' remuneration is analysed as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Total executive directors' remuneration (Note 27)	<b>1,348,106</b>	775,302	<b>295,680</b>	295,680
Total non-executive directors' fee (Note 30)	<b>72,000</b>	36,000	<b>72,000</b>	36,000
	<b>1,420,106</b>	811,302	<b>367,680</b>	331,680
Represented by:				
Present directors	<b>1,366,882</b>	731,312	<b>367,680</b>	331,680
Past directors	<b>53,224</b>	79,990	-	-
	<b>1,420,106</b>	811,302	<b>367,680</b>	331,680

## 29. FINANCE COSTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses on:				
- advances from a director	-	49,790	-	-
- bank overdraft	<b>40,375</b>	45,767	-	-
- bankers acceptance	<b>26,349</b>	21,082	-	-
- finance lease liabilities	<b>183,406</b>	208,045	<b>13,799</b>	6,586
- revolving credit	-	209,176	-	-
- term loan	<b>379,689</b>	453,609	<b>365,220</b>	453,744
	<b>629,819</b>	987,469	<b>379,019</b>	460,330

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 30. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
After charging:				
Audit fee				
- Statutory audit				
- Company's auditor	<b>147,000</b>	132,000	<b>35,000</b>	33,000
- Other auditor				
- current year	<b>35,800</b>	5,500	-	-
- over provision in prior year	<b>(2,500)</b>	-	-	-
- Non-audit fees				
- Company's auditor	<b>3,000</b>	3,000	<b>3,000</b>	3,000
Allowance for expected credit losses/ Impairment losses	<b>491,894</b>	214,743	-	-
Bad debts	<b>27,630</b>	2,238	-	-
Deposit forfeited	<b>800</b>	-	-	-
Fair value loss adjustment on other investments	<b>12,878,396</b>	-	-	-
Loss on disposal of other investments	<b>2,312,525</b>	-	-	-
Non-executive directors' fee (Note 28)	<b>72,000</b>	36,000	<b>72,000</b>	36,000
Property, plant and equipment written off	<b>4,406</b>	2	-	2
Realised loss on foreign exchange	<b>87,819</b>	-	-	-
Rental expenses	<b>394,851</b>	380,214	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 31. TAX EXPENSE

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(1,312,441)	(1,016,002)	(390,000)	(125,000)
- Deferred tax relating to the origination and reversal of temporary differences	(862,988)	(700,323)	(106,439)	(68,260)
	<b>(2,175,429)</b>	<b>(1,716,325)</b>	<b>(496,439)</b>	<b>(193,260)</b>
(Under)/Over provision in prior years				
- Current tax	(330,527)	(204,289)	12,383	(101,381)
- Deferred tax	317,000	175,000	305,000	1,000
	<b>(13,527)</b>	<b>(29,289)</b>	<b>317,383</b>	<b>(100,381)</b>
	<b>(2,188,956)</b>	<b>(1,745,614)</b>	<b>(179,056)</b>	<b>(293,641)</b>

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	<b>8,597,853</b>	29,807,603	<b>15,015,856</b>	6,207,456
Income tax at Malaysian statutory tax rate of 24%	(2,063,485)	(7,153,824)	(3,603,805)	(1,489,789)
Income not subject to tax	4,157,982	6,829,928	3,360,000	1,611,513
Expenses not deductible for tax purposes	(3,798,938)	(1,066,234)	(301,195)	(325,724)
Net deferred tax assets not recognised	(676,511)	(188,350)	-	-
Utilisation of unabsorbed tax losses and capital allowances	112,511	408,800	-	-
Deferred tax liabilities on valuation gain	-	(639,657)	-	(37,821)
Annual crystallisation of deferred tax on revaluation	93,012	93,012	48,561	48,561
	<b>(2,175,429)</b>	<b>(1,716,325)</b>	<b>(496,439)</b>	<b>(193,260)</b>
(Under)/Over provision in prior years	<b>(13,527)</b>	<b>(29,289)</b>	<b>317,383</b>	<b>(100,381)</b>
	<b>(2,188,956)</b>	<b>(1,745,614)</b>	<b>(179,056)</b>	<b>(293,641)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 31. TAX EXPENSE (Cont'd)

As at the reporting date, the Group has not recognised the following net deferred tax (assets)/liabilities:

	GROUP	
	2019 RM	2018 RM
Property, plant and equipment	5,023,000	4,953,000
Unabsorbed tax losses	(15,387,000)	(15,120,000)
Unabsorbed capital allowances	(2,714,000)	(2,347,000)
Unabsorbed reinvestment allowance	(2,121,000)	(2,121,000)
Allowance for increase in export	(475,000)	(475,000)
	<u>(15,674,000)</u>	<u>(15,110,000)</u>

Deferred tax assets have not been recognised on the above temporary differences as the management is unable to determine whether the Group will have chargeable income in the foreseeable future to the extent that the above deductible temporary differences can be utilised in view of the uncertain business environment.

The amount and future availability of unabsorbed tax losses and allowances of the Group and of the Company which are available to be carried forward for set-off against future taxable income are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Unabsorbed tax losses	64,116,000	68,004,000	735,000	735,000
Unabsorbed capital allowances	11,301,000	9,779,000	4,125,000	4,379,000
Unabsorbed reinvestment allowance	8,838,000	8,838,000	-	-
Unabsorbed allowance for increase in export	1,979,000	1,979,000	-	-

## 32. EARNINGS PER SHARE

### 32.1 Basic

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and on the weighted average number of shares in issue during the financial year, excluding treasury shares.

	GROUP	
	2019	2018
Profit for the financial year (RM)	<u>6,418,969</u>	<u>28,403,667</u>
Weighted average number of shares	<u>211,463,766</u>	<u>134,086,338</u>
Basic earnings per share (sen)	<u>3.04</u>	<u>21.18</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 32. EARNINGS PER SHARE (Cont'd)

### 32.2 Diluted

The diluted earnings per share of the Group is calculated by dividing the profit/loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from warrants, ICPS, ICULS and share options granted to employees and directors as follows:

	GROUP	
	2019	2018
Profit for the financial year (RM)	<u>6,418,969</u>	<u>28,403,667</u>
Weighted average number of shares	<b>211,463,766</b>	134,086,338
Adjustment for dilutive effects of:		
- ICPS	-	274,416,822
- ICULS	-	21,469,459
- Warrants	-	959,145
- ESOS	-	<u>526,409</u>
	<u><b>211,463,766</b></u>	<u>431,458,173</u>
Diluted earnings per share (sen)	<u><b>3.04</b></u>	<u>6.58</u>

\* As at the reporting date of the current financial year, the issued convertible instruments were anti-dilutive as the conversion/exercise price were higher than the prevailing mother share price.

## 33. DIVIDENDS

	COMPANY	
	2019 RM	2018 RM
In respect of the financial year ended 31 March 2018:		
- First interim single tier dividend of 2 sen per ordinary share paid on 3 January 2018	-	3,056,067
- A special single tier dividend of 3 sen per ordinary share paid on 3 January 2018	-	4,584,100
- First interim single tier dividend of 0.24 sen per ICPS paid on 8 February 2018.	-	2,929,108
- Second interim single tier dividend of 2 sen per ordinary share paid on 25 May 2018	<b>4,166,363</b>	-
- Second interim single tier dividend of 0.16 sen per ICPS paid on 25 May 2018.	<b>1,883,139</b>	-
In respect of the financial year ended 31 March 2017:		
- Final single tier dividend of 2 sen per ordinary share paid on 27 October 2017	-	3,056,067
- Final special single tier dividend of 8 sen per ordinary share paid on 27 October 2017	-	<u>12,224,267</u>
	<u><b>6,049,502</b></u>	<u>25,849,609</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 34. SEGMENTAL INFORMATION

### Reporting format

The primary segment reporting format is determined to be the business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### Business segments

The Group comprises the following main business segments:

- |                            |  |
|----------------------------|--|
| (i) Manufacturing          | Manufacturing and processing of metal related products;  |
| (ii) Trading               | Trading of metal related products;   |
| (iii) Property development | Property developer;  |
| (iv) Others                | Letting of industrial and commercial assets, provision of management consultancy and provision of recreational and leisure activities. |

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 34. SEGMENTAL INFORMATION (Cont'd)

### By business segments

	Manufacturing		Trading		Property Development		Others		Elimination		Total	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
<b>Revenue</b>												
External sales	146,546,058	150,370,603	2,573,530	3,277,567	991,199	-	2,719,546	2,209,682	-	-	152,830,333	155,857,852
Inter-segment sales	1,975,066	3,232,686	1,837,856	275,838	-	-	14,996,000	6,786,000	(18,808,922)	(10,294,524)	-	-
<b>Total revenue</b>	<b>148,521,124</b>	<b>153,603,289</b>	<b>4,411,386</b>	<b>3,553,405</b>	<b>991,199</b>	<b>-</b>	<b>17,715,546</b>	<b>8,995,682</b>	<b>(18,808,922)</b>	<b>(10,294,524)</b>	<b>152,830,333</b>	<b>155,857,852</b>
<b>Results</b>												
Segment results	(1,478,829)	1,980,940	94,638	3,703,292	999,852	(20,260)	4,236,110	30,484,625	2,875,058	(5,790,000)	6,726,829	30,358,597
Interest income	30,671	39,288	5,405	916	327,594	4	2,137,173	396,267	-	-	2,500,843	436,475
Interest expense	(192,001)	(262,249)	(4,422)	-	(14,469)	135	(418,927)	(725,355)	-	-	(629,819)	(987,469)
Tax expense	(504,883)	(712,732)	(38,988)	(12,678)	(15,236)	(164)	(1,629,849)	(1,020,040)	-	-	(2,188,956)	(1,745,614)
<b>Profit/(Loss) for the financial year</b>	<b>(2,145,042)</b>	<b>1,045,247</b>	<b>56,633</b>	<b>3,691,530</b>	<b>1,297,741</b>	<b>(20,285)</b>	<b>4,324,507</b>	<b>29,135,497</b>	<b>2,875,058</b>	<b>(5,790,000)</b>	<b>6,408,897</b>	<b>28,061,989</b>
<b>Assets</b>												
Segment assets	98,179,719	113,932,905	24,079,776	23,600,083	82,093,441	10,775,432	495,156,452	389,639,890	(374,152,651)	(278,781,590)	325,356,737	259,166,720
Current tax assets	843,514	382,030	-	-	751,089	150	10	26,005	-	-	1,594,613	408,185
Fixed deposits with licensed banks	-	-	-	-	15,600,671	1,043,000	607,044	78,783,785	-	-	16,207,715	79,826,785
Cash and bank balances	7,141,978	5,825,466	786,065	1,899,472	961,996	118,783	53,610,151	43,268,161	184,845	-	62,685,035	51,111,882
<b>Total assets</b>	<b>106,165,211</b>	<b>120,140,401</b>	<b>24,865,841</b>	<b>25,499,555</b>	<b>99,407,197</b>	<b>11,937,365</b>	<b>549,373,657</b>	<b>511,717,841</b>	<b>(373,967,806)</b>	<b>(278,781,590)</b>	<b>405,844,100</b>	<b>390,513,572</b>
<b>Liabilities</b>												
Segment liabilities	42,989,311	53,582,913	42,936,637	43,708,337	50,751,366	11,364,093	200,588,931	147,475,399	(307,310,052)	(232,446,142)	29,956,193	23,684,600
Deferred tax liabilities	1,989,184	1,972,635	99,803	99,803	-	-	2,884,079	2,338,640	-	-	4,973,066	4,411,078
Current tax liabilities	-	-	4,243	243	44,252	-	637,790	79,053	(29,000)	(29,000)	657,285	50,296
Borrowings	2,199,535	3,174,789	125,000	-	-	-	4,907,641	6,745,632	-	-	7,232,176	9,920,421
<b>Total liabilities</b>	<b>47,178,030</b>	<b>58,730,337</b>	<b>43,165,683</b>	<b>43,808,383</b>	<b>50,795,618</b>	<b>11,364,093</b>	<b>209,018,441</b>	<b>156,638,724</b>	<b>(307,339,052)</b>	<b>(232,475,142)</b>	<b>42,818,720</b>	<b>38,066,395</b>
<b>Other information</b>												
Additions to non-current assets	1,513,624	5,201,905	272,090	158,273	3,090	-	15,661,487	1,256,740	-	-	17,450,291	6,616,918
Depreciation	2,988,934	2,768,537	90,161	42,025	21,945	448	1,529,333	1,469,657	-	-	4,630,373	4,280,667
Non-cash (income)/expenses other than depreciation	199,834	(61,796)	16,016	(3,919,078)	(1,649,617)	-	10,820,665	(24,337,844)	(16,875,058)	-	(7,488,160)	(28,318,718)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 34. SEGMENTAL INFORMATION (Cont'd)

Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of property, plant and equipment and investment properties.
- C Other non-cash (income)/expenses consist of the following items:

	GROUP	
	2019 RM	2018 RM
Allowance for impairment written back	-	(2,610,056)
Bad debts	<b>27,630</b>	2,238
Debts waived by trade and other payables and amount due to directors	<b>(1,654,023)</b>	-
Deposit forfeited	<b>800</b>	-
Fair value gain on investment properties	<b>(3,100,000)</b>	(3,507,649)
Fair value loss on other investments	<b>12,878,396</b>	-
Gain on bargain purchase	<b>(16,875,058)</b>	-
Gain on disposal of property, plant and equipment	<b>(60,998)</b>	(1,360,549)
Allowance for expected credit losses/Impairment loss on receivables	<b>491,894</b>	214,743
Loss/(Gain) on disposal of other investments	<b>976,474</b>	(20,786,911)
Net fair value adjustment on available-for-sale financial assets realised upon disposal	<b>(175,000)</b>	(270,536)
Property, plant and equipment written off	<b>4,406</b>	2
Resigned of retirement benefits obligation	<b>(2,681)</b>	-
	<b><u>(7,488,160)</u></b>	<b><u>(28,318,718)</u></b>

### Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on geographical location of its customers. In Malaysia, its home country, the Group's areas of operation are principally manufacturing, trading of metal related products and property development.

	Revenue		Non-current assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	<b>147,028,597</b>	150,022,732	<b>168,125,473</b>	123,866,902
Others	<b>5,801,736</b>	5,835,120	-	-
	<b><u>152,830,333</u></b>	<u>155,857,852</u>	<b><u>168,125,473</u></b>	<u>123,866,902</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 34. SEGMENTAL INFORMATION (Cont'd)

Non-current assets information presented above which excludes financial assets, consist of the following items as presented in the Group's statement of financial position:

	2019 RM	2018 RM
Property, plant and equipment	72,963,402	73,737,683
Inventories	5,021,974	-
Investment properties	82,432,181	49,219,999
Goodwill on consolidation	7,707,916	909,220
	<b>168,125,473</b>	<b>123,866,902</b>

### Information about major customers

Total revenue from 1 (2018: 1) major customer which contributed more than 10% of the Group's revenue amounted to **RM88,058,829** (2018: RM86,711,429).

## 35. RELATED PARTY DISCLOSURES

### (i) Identity of related parties

The Group and the Company have related party relationship with its subsidiaries, key management personnel and the following parties:

Related party	Relationship
Hock Lok Siew Realty Sdn. Bhd.	: A company in which a director of the Company, Mr. Ooi Chieng Sim, has substantial financial interest.

### (ii) Related party transactions

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Management fee received from subsidiaries	-	-	996,000	996,000
Interest paid to a director of the Company	-	8,000	-	-

### (iii) Understanding Agreement

On 15 May 2015, Park Avenue Construction Sdn. Bhd. ("PASB"), a wholly-owned subsidiary of the Company entered into an Understanding Agreement with a related party, Hock Lok Siew Realty Sdn. Bhd. ("HLSR") whereby HLSR has consented to PASB occupying HLSR's orchard without rental charge. PASB will use HLSR's brand name and in return manage the orchard, collect rental and earn profit from the sale of fruits harvested from the orchard.

During the financial year, income earned from this arrangement amounted to **RM30,010** (2018: RM40,000).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 35. RELATED PARTY DISCLOSURES (Cont'd)

### (iv) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

The remuneration of the directors and other key management personnel during the financial year are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors (Note 27)	1,348,106	775,302	295,680	295,680
Other key management personnel:				
- Salaries and allowances	133,200	133,200	-	-
- Defined contribution plan	14,256	14,256	-	-
	147,456	147,456	-	-
	<u>1,495,562</u>	<u>922,758</u>	<u>295,680</u>	<u>295,680</u>

## 36. COMMITMENTS

### (i) Capital commitments

	GROUP	
	2019 RM	2018 RM
Property, plant and equipment		
- Authorised and contracted for	-	1,258,313
- Authorised but not contracted for	-	1,753,101
	<u>-</u>	<u>3,011,414</u>

### (ii) Operating lease commitments - as lessor

The Company has entered into a non-cancellable operating lease agreement on an investment property. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting period is as follows:

	GROUP AND COMPANY	
	2019 RM	2018 RM
Within 1 year	2,067,552	2,641,872
More than 1 year and less than 2 years	-	1,837,824
	<u>2,067,552</u>	<u>4,479,696</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 37. FINANCIAL INSTRUMENTS

### 37.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 March 2019 categorised as amortised cost ("AC") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
<b>GROUP</b>			
<b>2019</b>			
<b>Financial assets</b>			
Trade and other receivables	59,562,852	59,562,852	-
Other investments	16,992,654	-	16,992,654
Fixed deposits with licensed banks	16,207,715	16,207,715	-
Cash and bank balances	62,685,035	62,685,035	-
	<b>155,448,256</b>	<b>138,455,602</b>	<b>16,992,654</b>
<b>Financial liabilities</b>			
Trade and other payables	29,892,621	29,892,621	-
Borrowings	7,232,176	7,232,176	-
	<b>37,124,797</b>	<b>37,124,797</b>	<b>-</b>
<b>COMPANY</b>			
<b>2019</b>			
<b>Financial assets</b>			
Other receivables	230,062,282	230,062,282	-
Fixed deposits with licensed banks	607,044	607,044	-
Cash and bank balances	533,979	533,979	-
	<b>231,203,305</b>	<b>231,203,305</b>	<b>-</b>
<b>Financial liabilities</b>			
Other payables	1,152,240	1,152,240	-
Borrowings	4,479,355	4,479,355	-
	<b>5,631,595</b>	<b>5,631,595</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 31 March 2018 categorised as available-for-sale ("AFS"), held-to-maturity investments ("HTM"), loans and receivables ("L&R"), and other liabilities measured at amortised cost ("FL").

	Carrying amount RM	AFS RM	HTM RM	L&R RM	FL RM
GROUP					
2018					
Financial assets					
Other investments	42,318,838	27,154,534	15,164,304	-	-
Trade and other receivables	52,725,415	-	-	52,725,415	-
Fixed deposits with licensed banks	79,826,785	-	-	79,826,785	-
Cash and bank balances	51,111,882	-	-	51,111,882	-
	<u>225,982,920</u>	<u>27,154,534</u>	<u>15,164,304</u>	<u>183,664,082</u>	<u>-</u>
Financial liabilities					
Trade and other payables	22,538,834	-	-	-	22,538,834
Borrowings	9,920,421	-	-	-	9,920,421
	<u>32,459,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,459,255</u>
COMPANY					
2018					
Financial assets					
Other receivables	202,861,666	-	-	202,861,666	-
Fixed deposits with licensed banks	589,243	-	-	589,243	-
Cash and bank balances	41,897,494	-	-	41,897,494	-
	<u>245,348,403</u>	<u>-</u>	<u>-</u>	<u>245,348,403</u>	<u>-</u>
Financial liabilities					
Other payables	1,292,933	-	-	-	1,292,933
Borrowings	5,761,825	-	-	-	5,761,825
	<u>7,054,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,054,758</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

### 37.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees given.

#### 37.3.1 Trade receivables

The Group extends to existing customers credit terms that range between 14 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

In addition, as set out in Note 3.7, the Group assesses ECL under MFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The Group applies simplified approach to recognise lifetime expected credit losses for all trade receivables. The expected credit losses calculated by the Group are not material under MFRS 9 as at 31 March 2019 and therefore not provided for.

The ageing of trade receivables of the Group as at 31 March 2019 is as follows:

	Gross RM	Expected credit losses RM	Net RM
<b>2019</b>			
Not past due	11,277,520	-	11,277,520
Past due 1 - 30 days	4,197,897	-	4,197,897
Past due 31 - 60 days	1,163,435	-	1,163,435
Past due 61 - 90 days	386,870	-	386,870
Past due more than 90 days	5,979,139	(3,282,227)	2,696,912
	<u>11,727,341</u>	<u>(3,282,227)</u>	<u>8,445,114</u>
	<u>23,004,861</u>	<u>(3,282,227)</u>	<u>19,722,634</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.3 Credit risk (Cont'd)

#### 37.3.1 Trade receivables (Cont'd)

The ageing of trade receivables of the Group as at 31 March 2018 is as follows:

	Gross RM	Impairment losses RM	Net RM
2018			
Not past due	21,260,015	-	21,260,015
Past due 1 - 30 days	6,282,895	-	6,282,895
Past due 31 - 60 days	738,675	-	738,675
Past due 61 - 90 days	659,464	-	659,464
Past due more than 90 days	4,064,347	(2,819,465)	1,244,882
	<u>11,745,381</u>	<u>(2,819,465)</u>	<u>8,925,916</u>
	<u>33,005,396</u>	<u>(2,819,465)</u>	<u>30,185,931</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.

The Group has trade receivables amounting to **RM8,445,114** (2018: RM8,925,916) that are past due but not impaired as these customers have no recent history of default and the management is of the view that these debts will be recovered in due course.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from **2 customers** (2018: 1 customer) representing **31%** (2018: 30%) of the total trade receivables.

#### 37.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amounts in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.3 Credit risk (Cont'd)

#### 37.3.3 Financial guarantees

The Company provides unsecured financial guarantees to banks and third parties in respect of banking facilities granted to and supply of goods to certain subsidiaries. The maximum exposure to credit risk is as follows, representing the outstanding amount due as at the end of the reporting period:

	COMPANY	
	2019 RM	2018 RM
Guarantees given to financial institutions for credit facilities granted to certain subsidiaries	1,499,074	3,465,693
Guarantees given to third parties for supply of goods and services to certain subsidiaries	3,636,462	3,287,088
	<b>5,135,536</b>	<b>6,752,781</b>

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the Company did not receive any consideration for the issuance of the financial guarantees.

### 37.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
<b>GROUP</b>					
<b>2019</b>					
<i>Non-derivative financial liabilities</i>					
Interest bearing borrowings	7,232,176	7,817,020	4,064,292	2,429,854	1,322,874
Trade and other payables	29,892,621	29,892,621	29,892,621	-	-
	<b>37,124,797</b>	<b>37,709,641</b>	<b>33,956,913</b>	<b>2,429,854</b>	<b>1,322,874</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.4 Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments: (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
<b>GROUP</b>					
2018					
<i>Non-derivative financial liabilities</i>					
Interest bearing borrowings	9,920,421	11,102,152	4,337,078	3,108,958	3,656,116
Trade and other payables	22,538,834	22,538,834	22,538,834	-	-
	<b>32,459,255</b>	<b>33,640,986</b>	<b>26,875,912</b>	<b>3,108,958</b>	<b>3,656,116</b>
<b>COMPANY</b>					
2019					
<i>Non-derivative financial liabilities</i>					
Interest bearing borrowings	<b>4,479,355</b>	<b>4,975,435</b>	<b>1,941,068</b>	<b>1,891,556</b>	<b>1,142,811</b>
Other payables	<b>1,152,240</b>	<b>1,152,240</b>	<b>1,152,240</b>	-	-
Financial guarantees *	-	<b>5,135,536</b>	<b>5,135,536</b>	-	-
	<b>5,631,595</b>	<b>11,263,211</b>	<b>8,228,844</b>	<b>1,891,556</b>	<b>1,142,811</b>
2018					
<i>Non-derivative financial liabilities</i>					
Interest bearing borrowings	5,761,825	6,672,852	1,835,328	1,835,328	3,002,196
Other payables	1,292,933	1,292,933	1,292,933	-	-
Financial guarantees *	-	6,752,781	6,752,781	-	-
	<b>7,054,758</b>	<b>14,718,566</b>	<b>9,881,042</b>	<b>1,835,328</b>	<b>3,002,196</b>

\* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.5 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amounts as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Fixed rate instruments</b>				
Financial assets	<b>16,207,715</b>	79,826,785	<b>607,044</b>	589,243
Financial liabilities	<b>2,266,826</b>	3,593,964	<b>314,863</b>	210,901
<b>Floating rate instruments</b>				
Financial liabilities	<b>4,965,350</b>	6,326,457	<b>4,164,492</b>	5,550,924

### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### Cash flow sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Decrease in profit before tax	<b>13,365</b>	16,527	<b>11,135</b>	13,834

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.6 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk is US Dollar ("USD") and Singapore Dollar ("SGD").

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

	2019		2018	
	USD RM	SGD RM	USD RM	SGD RM
Trade and other receivables	861,062	304,504	340,686	508,548
Cash and bank balances	105,506	-	417,766	-
Trade and other payables	-	-	(277,497)	-
Net exposure	<u>966,568</u>	<u>304,504</u>	<u>480,955</u>	<u>508,548</u>

### Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect.

	GROUP	
	2019 RM	2018 RM
USD	96,657	48,095
SGD	30,450	50,855
Decrease in profit before tax	<u>127,107</u>	<u>98,950</u>

### 37.7 Reconciliation of liabilities arising from financing activities

The movement of financial liabilities arising from financial activities during the financial year is as follows:

	Balance at beginning RM	Others RM	Net cash flows RM	Balance at end RM
<b>GROUP</b>				
<b>2019</b>				
Bankers acceptance	379,000	-	(35,000)	344,000
Finance lease liabilities	3,593,964	594,305	(1,921,443)	2,266,826
Term loan	5,550,924	3,402,607	(4,789,039)	4,164,492
<i>Total liabilities from financing activities</i>	<u>9,523,888</u>	<u>3,996,912</u>	<u>(6,745,482)</u>	<u>6,775,318</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 37. FINANCIAL INSTRUMENTS (Cont'd)

### 37.7 Reconciliation of liabilities arising from financing activities (Cont'd)

The movement of financial liabilities arising from financial activities during the financial year is as follows: (Cont'd)

	Balance at beginning RM	Others RM	Net cash flows RM	Balance at end RM
<b>GROUP</b>				
2018				
Bankers acceptance	769,000	-	(390,000)	379,000
Finance lease liabilities	3,389,098	2,281,600	(2,076,734)	3,593,964
Revolving credit	4,000,000	-	(4,000,000)	-
Term loan	6,833,483	-	(1,282,559)	5,550,924
<i>Total liabilities from financing activities</i>	<u>14,991,581</u>	<u>2,281,600</u>	<u>(7,749,293)</u>	<u>9,523,888</u>

	Balance at beginning RM	Others RM	Net cash flows RM	Balance at end RM
<b>COMPANY</b>				
2019				
Finance lease liabilities	<b>210,901</b>	<b>414,305</b>	<b>(310,343)</b>	<b>314,863</b>
Term loan	<b>5,550,924</b>	-	<b>(1,386,432)</b>	<b>4,164,492</b>
<i>Total liabilities from financing activities</i>	<u><b>5,761,825</b></u>	<u><b>414,305</b></u>	<u><b>(1,696,775)</b></u>	<u><b>4,479,355</b></u>

2018				
Finance lease liabilities	320,130	235,600	(344,829)	210,901
Term loan	6,833,483	-	(1,282,559)	5,550,924
<i>Total liabilities from financing activities</i>	<u>7,153,613</u>	<u>235,600</u>	<u>(1,627,388)</u>	<u>5,761,825</u>

## 38. FAIR VALUE MEASUREMENT

### 38.1 Fair value measurement of financial instruments

The carrying amounts of cash at bank, short term receivables and payables approximate their fair values due to the relative short-term nature of these financial instruments. The carrying amount of the non-current portion of the finance lease liabilities are reasonable approximation of their fair values due to the insignificant impact of discounting.

The fair values of financial assets that are quoted in an active market are determined by reference to the quoted closing price at the end of the reporting period.

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as disclosed in Note 2.2.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 38. FAIR VALUE MEASUREMENT (Cont'd)

### 38.1 Fair value measurement of financial instruments (Cont'd)

#### (a) Non-financial assets that are measured at fair value

The fair value of the Group's and the Company's investment properties as at 31 March 2019 have been arrived at on the basis of a valuation carried out by an independent professional valuer and assessments made by the management.

The fair value of investment properties of which a valuation is carried out, the land is valued by reference to transactions of similar land in the surrounding vicinity with adjustments made for differences in location, size, terrain, restrictive covenants, if any and other relevant characteristics. The buildings are valued by taking into consideration the replacement cost to construct a similar building, based on market prices for materials, labour and contractor's overhead. From this total, depreciation is then deducted using an appropriate rate to reflect the condition of the building.

For investment properties of which no valuation is carried out by an independent professional valuer, the Group determines the fair values of its investment properties by reference to the selling price of recent transactions and asking prices of similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences. The directors of the Group believe that assessments made by the management are appropriate in determining the fair value of the Group's investment properties as there have been no significant changes to the market value of the Group's investment properties during the financial year.

Details of the Group's and the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2019</b>					
Investment properties	-	-	<b>82,432,181</b>	<b>82,432,181</b>	<b>82,432,181</b>
<b>2018</b>					
Investment properties	-	-	49,219,999	49,219,999	49,219,999
<b>COMPANY</b>					
<b>2019</b>					
Investment properties	-	-	<b>35,553,998</b>	<b>35,553,998</b>	<b>35,553,998</b>
<b>2018</b>					
Investment properties	-	-	30,603,296	30,603,296	30,603,296

The amount included in profit or loss of the Group and of the Company for unrealised gains on Level 3 assets amounted to **RM3,100,000** (2018: RM3,507,649) and **RM Nil** (2018: RM746,421) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 38. FAIR VALUE MEASUREMENT (Cont'd)

### 38.1 Fair value measurement of financial instruments (Cont'd)

#### (b) Financial assets that are measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
<b>GROUP</b>					
<b>2019</b>					
<b>Financial assets</b>					
Other investments	<b>16,992,654</b>	-	-	<b>16,992,654</b>	<b>16,992,654</b>
<b>2018</b>					
<b>Financial assets</b>					
Other investments	<b>27,154,534</b>	-	-	<b>27,154,534</b>	<b>27,154,534</b>

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

## 39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019

## 39. CAPITAL MANAGEMENT (Cont'd)

The Group manages its capital by regularly monitoring its liquidity requirements and modifies the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Total equity	<b>363,025,380</b>	352,447,177	<b>335,821,297</b>	323,433,999
Borrowings	<b>7,232,176</b>	9,920,421	<b>4,479,355</b>	5,761,825
Debt-to-equity ratio	<b>0.02</b>	0.03	<b>0.01</b>	0.02

There were no gearing covenants imposed on the Group and the Company as at the end of the reporting period.

## 40. EMPLOYEES SHARE OPTIONS SCHEME ("ESOS")

The Company's ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 28 September 2012. The ESOS which expired on 18 October 2015 was extended for another seven years expiring on 18 October 2022.

The salient features of the ESOS are as follows:

- The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed fifteen percent (15%) of the total issued and fully paid-up share capital of the Company at any time throughout the duration of the ESOS.
- Any employee or director of any company comprised in the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least eighteen (18) years of age or above; and is employed on a continuous full-time basis for a period of not less than six (6) months and must be a confirmed employee.
- The allocation of the options will be staggered over the duration of the ESOS and no further options shall be allocated after the first two (2) years of the ESOS. The maximum allocation available for each of the first two (2) years of the Scheme is 50% of the shares available under the ESOS.
- The option price shall be determined at a discount of not more than 10% from the weighted average market quotation of the Company's shares as quoted on Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer or at par, whichever is higher.
- The shares under option shall remain unissued until the options are exercised and shall, on allotment, rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the options.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2019



## 40. EMPLOYEES SHARE OPTIONS SCHEME ("ESOS") (Cont'd)

The details of the outstanding share options granted to the Group's employees and directors and its exercise price are as follows:

Grant date	Exercise Price	-----Number of share options over ordinary shares-----			
		Balance at 1.4.2018	Exercised	Lapsed	Balance at 31.3.2019
9.10.2013	RM0.87	737,804	-	(34,681)	703,123
14.10.2014	RM0.87	272,645	-	(78,853)	193,792
15.2.2016	RM0.87	1,835,090	-	(95,513)	1,739,577

The fair value of the share options granted was estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model for the ESOS granted on:

Grant date	9-Oct-2013	14-Oct-2014	15-Feb-2016
Fair value (RM)	0.12	0.12	0.01
Expected volatility (%)	10.00	50.90	10.00
Risk-free interest rate (% p.a)	3.37	3.76	3.87
Expected life of option (years)	9	8	6.6
Weighted average share price (RM)	1.00	1.00	1.00

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## 41. EVENT AFTER THE REPORTING PERIOD

On 15 May 2019, the Company had entered into a Share Sale Agreement ("SSA") with Tac Wind Sdn. Bhd. for the acquisition of 5,000,000 ordinary shares representing 100% equity interest in MPSB Venture Sdn. Bhd. ("MPSBV") for a total consideration of RM28,000,000.

Upon the completion of the acquisitions, MPSBV will become a wholly-owned subsidiary of the Company.

## 42. MATERIAL LITIGATIONS

### Penang Sessions Court, Summons No. A52NCC-156-07/2014

On 9 July 2014, the Company together with a subsidiary, Park Avenue Construction Sdn. Bhd. ("PACSB") ("Plaintiffs"), have filed a civil suit against Machendran A/L Pitchai Chetty ("Defendant") to recover the sum of RM279,696 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

Subsequently the matter has been transferred to Butterworth Sessions' Court and thereafter the Defendant has filed his Defence and Counter Claim on 29 September 2014. Amongst his Counter Claim was for the outstanding salary of RM156,456 together with EPF which were due and owed by the Company and PACSB. The Company and PACSB then filed their Reply and Defence towards the Defendant's Counter Claim on 17 October 2014.

In the midst of preparing the bundle of documents, the Defendant has filed an application to amend his Defence and Counter Claim on 15 January 2015, whereby the Company has no objection against the application.

## **NOTES TO THE FINANCIAL STATEMENTS** (CONT'D)

31 March 2019

### **42. MATERIAL LITIGATIONS (Cont'd)**

As the claim and Counter Claim are above RM250,000, the Sessions Court Judge has transferred the matter to Sessions Court 1.

Parties have filed in their bundles of documents respectively and the Court has fixed 15 and 16 March 2016 for trial.

The Company and PACSB have called Mr. Ng Chin Nam as the sole witness and whereas Defendant himself together with Mr. Sia Seow Cheng from Messrs Cheong Wai Meng & Van Buerle came as Defendant's witnesses.

After the full trial, the Court has fixed for parties to file written submission on 27 May 2016. Initially the Judge has fixed the matter for decision on 27 June 2016. However, the Judge has further adjourned the matter to 22 July 2016 for Decision.

Decision was delivered by the Sessions Court Judge, whereby Plaintiff's claim for the sum of RM279,696 is allowed with costs and whereas Defendant's counter claim is dismissed with costs. However, the Defendant has filed a Notice of Appeal in Penang High Court against the Sessions Court Judge's decision.

Prior to the full hearing of the appeal, Plaintiffs have filed in an application for security for costs against the Defendant. Parties have exhausted the Affidavits and parties have orally submitted before the High Court Judge on 20 April 2017.

On 29 May 2017, Plaintiffs' application for security for costs has been granted whereby the Defendant is required to pay RM20,000.00 as security for costs and RM2,000.00 for the costs of the said application. The Defendant has thereafter paid the sum of RM22,000.00 being the security for costs and the costs of the application.

The Court has fixed the matter on 22 September 2017 for parties to file written submission and the hearing has been fixed on 3 October 2017 before the High Court Judge.

On 29 November 2017, the High Court Judge has delivered his judgment whereby the Defendant shall pay the judgment sum of RM216,884.15 to the Plaintiffs.

The Company and PACSB through Messrs Wong & Loh have filed a Bankruptcy Notice against the Defendant for the sum of RM285,192 including costs and interest on 23 February 2018. However, the 1st and 2nd attempts to serve the Bankruptcy Notice to the Defendant were not successful which resulted an application for substitute service was filed on 17 April 2018.

The order for substitute service has been obtained on 4 May 2018 and the Defendant's solicitors, Messrs Weng On and Associates were instructed to accept the service on behalf of the Defendant on 21 May 2018.

The Defendant's solicitors have proposed for a settlement and parties are in the midst of negotiation. The Court has fixed 17 August 2018 for the hearing of the Bankruptcy Notice.

Subsequently on 17 August 2018, the Company has withdrawn the Bankruptcy Notice filed against the Defendant as the Defendant has settled the total sum of RM285,192.



**PROXY FORM**

CDS Account No.	
-----------------	--

\*I/We \_\_\_\_\_ (FULL NAME IN BLOCK CAPITALS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (FULL ADDRESS)

being a member of ATTA GLOBAL GROUP BERHAD hereby appoint the following person(s):

Name of Proxy & NRIC No.	No. of Shares	%
1. _____	_____	_____
2. _____	_____	_____
or failing him/her		
1. _____	_____	_____
2. _____	_____	_____

or failing him/her, the Chairman of the meeting as my/our proxy, to vote for me/us on my/our behalf at the Thirty-Seventh (37<sup>th</sup>) Annual General Meeting of the Company to be held on 28 August 2018 and at any adjournment thereof in manner indicated below in respect of the following Resolution.

Ordinary Resolution No.	Ordinary Business	For	Against
1	The payment of increased Directors' Fees		
2	The payment of Non-Executive Directors' benefits		
	The re-election of Directors:		
3	Dato' Dennis Chuah		
4	Mr. Sudesh A/L K.V. Sankaran		
5	The re-appointment of Messrs Grant Thornton as Auditors and authority to Directors to fix their remuneration		
	<b>Special Business</b>		
6	Retention of Independent Non-Executive Director		
7	Authority to allot and issue shares in general pursuant to Section 75 of the Companies Act 2016		
8	Proposed Renewal of Share Buy Back Authority		
Special Resolution	Proposed Adoption of New Constitution of the Company		

Please indicate with (√) or (X) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

\_\_\_\_\_  
Signature of Shareholder

**Notes**

- Only members whose names appear on the Record of Depositors as at only members whose names appear on the Record of Depositors as at 21 August 2019 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/ her stead.
- A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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 but the proportion of holdings to be represented by each proxy must be specified.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia by Tuesday, 27 August 2019 at 12.00 noon (not less than 48 hours before the time appointed for holding the Meeting). Faxed or emailed copies are not acceptable.
- For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.
- Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act, 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

*Please fold across the line and close*

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80 sen  
stamp  
(Within Malaysia)

The Company Secretary  
**ATTA GLOBAL GROUP BERHAD** (79082-V)  
55A Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh  
Perak Darul Ridzuan

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[www.attaglobalgroup.com](http://www.attaglobalgroup.com)

**ATTA GLOBAL GROUP BERHAD** (79082-V)

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