



2016
LAPORAN TAHUNAN
ANNUAL REPORT



CONTENTS

2	Notice of Annual General Meeting
4	Financial Highlights
5	Directors' Profile
8	Corporate Structure
9	Corporate Information
11	Products and Services
13	Chairman's Statement
15	Corporate Governance Statement
23	Audit Committee Report
27	Statement on Risk Management and Internal Control
29	Statement of Directors' Responsibility
30	Statement on Corporate Sustainability
31	Additional Compliance Information
33	Financial Statements
92	Analysis of Shareholdings
94	Analysis of Warrant Holdings
96	List of Properties
99	Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at the Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annexe, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 8 September 2016, at 10.30 a.m. for the transaction of the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2016 together with the Reports of the Directors and the Auditors thereon. **(Refer Note 6)**
2. To approve the Directors' fees of RM72,920.00 (2015: RM72,920.00) in respect of the year ended 31 March 2016. **(Resolution 1)**
3. To re-elect Mr. Song Kok Cheong who retires pursuant to Article 92 of the Company's Articles of Association and, being eligible, offers himself for re-election. **(Resolution 2)**
4. To consider and, if thought fit, to pass the following ordinary resolution in accordance with Section 129(6) of the Companies Act 1965 ("Act"):-
(Resolution 3)
"THAT Mr.You Tong Lioung @ Yew Tong Leong, retiring pursuant to Section 129(2) of the Act, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
5. To consider and, if thought fit, to pass the following ordinary resolution in accordance with Section 129(6) of the Act:-
(Resolution 4)
"THAT Tuan Hj. Ir.Yusoff Bin Daud, retiring pursuant to Section 129(2) of the Act, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
6. To consider and, if thought fit, to pass the following ordinary resolution in accordance with Section 129(6) of the Act:-
(Resolution 5)
"THAT Mr.Tham Kut Cheong, retiring pursuant to Section 129(2) of the Act, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
7. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
8. **As Special Business:-**
To consider and, if thought fit, to pass the following ordinary resolution:-
(Resolution 7)
 - (a) **Ordinary Resolution 1**
Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965
"THAT subject always to the Companies Act, 1965 ("Act"), Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Act to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."
 - (b) **Ordinary Resolution 2**
Continuing In Office As Independent Non-Executive Director
"THAT, subject to the passing of Resolution No. 5, approval be and is hereby given to Mr.Tham Kut Cheong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 8)**
 - (c) **Ordinary Resolution 3**
Continuing In Office As Independent Non-Executive Director
"THAT subject to the passing of Resolution No. 3, approval be and is hereby given to Mr.You Tong Lioung @ Yew Tong Leong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

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

BY ORDER OF THE BOARD,

ANDREA HUONG JIA MEI (MIA 36347)

Company Secretary

Kuala Lumpur
29 July 2016

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. Where a member is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
3. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of some officer of the corporation, duly authorised on that behalf.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 September 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and vote on his behalf.

6. Audited Financial Statements for the financial year ended 31 March 2016

The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, it will not be put forward for voting.

7. Explanatory Notes on Special Business:-

(a) Resolution pursuant to Section 132D of the Companies Act, 1965

Resolution No. 7 proposed under item 8(a) is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 which was approved by shareholders at the Company's Annual General Meeting ("AGM") last year.

As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM.

The proposed Resolution No. 7, if passed, will give the Directors of the Company from the date of the above AGM, authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM.

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

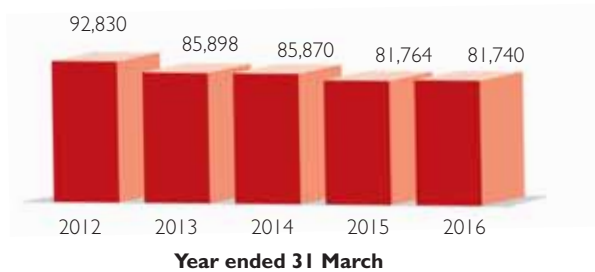
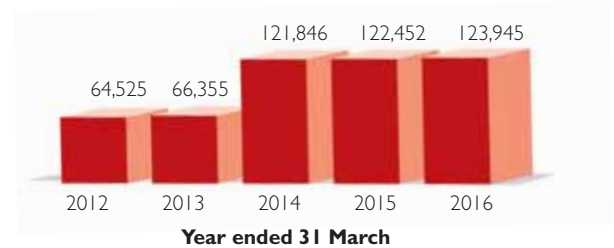
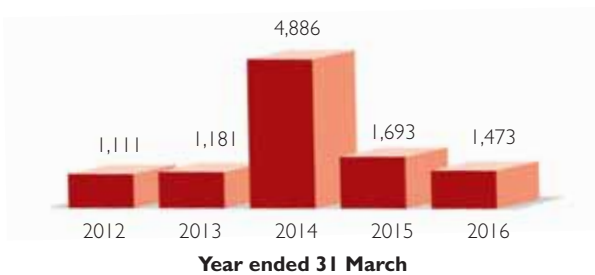
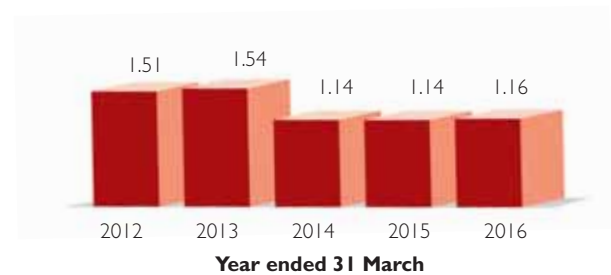
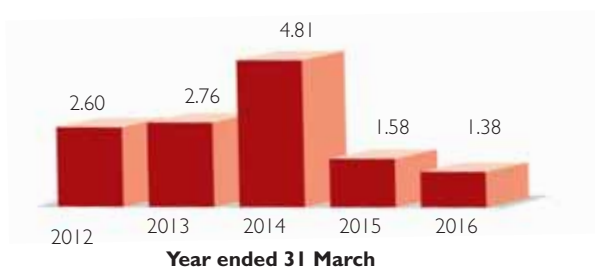
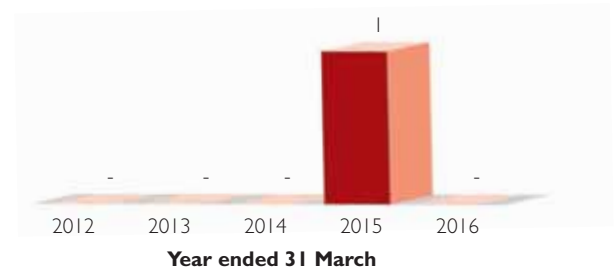
(b) Resolution Nos. 8 and 9

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) Both of them have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements ("LR") of Bursa Securities, and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board.
- (ii) Mr. Tham Kut Cheong is a fellow of the Institute of Chartered Accountants in Ireland and a member of the Malaysian Institute of Accountants and thus, he is able to fulfill the financial expertise requisite under the LR in relation to the composition of the Audit Committee. Being the Chairman of the Audit Committee, his knowledge, skills and experience in finance and audit would enable him to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board.
- (iii) Mr. You Tong Lioung @ Yew Tong Leong's vast experience in the banking and finance industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage the Group.
- (iv) Both of them, having been with the Company for more than nine years, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations for informed and balanced decision making.
- (v) Both have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in the interest of the Company and shareholders.

Resolution No. 8 proposed under item 8(b), if passed, will authorise Mr. Tham Kut Cheong to continue in office as an Independent Non-Executive Director of the Company.

Resolution No. 9 proposed under item 8(c), if passed, will authorise Mr. You Tong Lioung @ Yew Tong Leong to continue in office as an Independent Non-Executive Director of the Company

FINANCIAL HIGHLIGHTS - 31 MARCH 2012 TO 31 MARCH 2016
Group Turnover RM('000)

Total Shareholders' Funds RM('000)

Net profit after tax RM('000)

Net assets per share (RM)

Net earnings per share (Sen)

Gross dividend per share (Sen)


	2012	2013	2014	2015	2016
Group Turnover (RM'000)	92,830	85,898	85,870	81,764	81,740
Total shareholders' funds (RM'000)	64,525	66,355	121,846	122,452	123,945
Net assets per share (RM)	1.51	1.55	1.14	1.14	1.16
Net profit after tax (RM'000)	1,111	1,181	4,886	1,693	1,473
Net earnings per share (sen)	2.60	2.76	4.81	1.58	1.38
Gross dividend per share (sen)	-	-	-	1	-

DIRECTORS' PROFILE

Tuan Hj. Ir. Yusoff bin Daud

(Malaysian, aged 71)

Independent Non-Executive Chairman

Tuan Hj. Ir. Yusoff bin Daud is the Independent Non-Executive Chairman of the Board of Directors of Toyo Ink Group Berhad. He was appointed to the Board on 4 August 2003. He is a member of the Nomination Committee and Audit Committee.

He graduated from the University of Brighton with a Bachelor of Science (Honours) Degree in Electrical Engineering in 1968. He joined the National Electricity Board (LLN), Kota Bharu immediately after his graduation and in 1970 he was posted to Kedah as Assistant Engineer, Consumers. In 1974 he was promoted to District Engineer where he was responsible for the planning and implementation of electricity supply for Northern Kedah and the State of Perlis. In 1977 he took the position of Senior District Manager, Kuala Terengganu where he was responsible for the overall management and operations of electricity supply in the State of Terengganu. From 1979 to 1980 he was attached to Petronas in the Special Projects Department as its Deputy Head responsible for the planning of the Peninsula Gas Utilization Project.

Tuan Haji Ir. Yusoff bin Daud was appointed a Director of Zaidun-Leeng Sdn Bhd in 1981 and was subsequently made Managing Director in 1994, a position which he held until 2002. He was then appointed Chairman of the Board and continues to hold this position up to the present. He is also a Director of Lingkar Trans Kota Holdings Berhad since 1995.

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2016.

He has no conflict of interest with the Company.

Mr. Song Kok Cheong

(Malaysian, aged 64)

Managing Director

Mr. Song Kok Cheong is the Managing Director of Toyo Ink Group Berhad and was appointed to the Board on 4 August 2003. Mr. Song has more than 40 years experience in the printing ink and printing related businesses. Mr. Song is a member of the Remuneration Committee.

He started his career in 1970 as a printing technician in Federal Metal Printing Company and subsequently joined DIC (M) Sdn Bhd, the world's largest printing ink manufacturer operating in Malaysia, in 1975. He left in 1980 to join Toyo Ink Sdn Bhd and has been instrumental in building up the businesses of Toyo Ink Group Berhad up to the present day.

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2016.

He has no conflict of interest with the Company.

Mr. Tham Kut Cheong

(Malaysian, aged 71)

Independent Non-Executive Director

Mr. Tham Kut Cheong is an Independent Non-Executive Director of Toyo Ink Group Berhad and was appointed to the Board on 4 August 2003. He is the Chairman of the Audit, Nomination and Remuneration Committees.

He graduated from University of Malaya in 1970 with a Bachelor of Economics degree and completed his training in accountancy under Deloitte & Co., United Kingdom. He is a fellow of the Institute of Chartered Accountants in Ireland and was admitted to the Malaysian Institute of Accountants in 1980 as a Public Accountant.

Upon completing his training he started his own practice, K.C.Tham & Co. in 1980.

He has attended all Board meetings held during his tenure in office in the year ended 31 March 2016.

He has no conflict of interest with the Company.

DIRECTORS' PROFILE

Mr. You Tong Lioung @ Yew Tong Leong

(Malaysian, aged 80)

Independent Non-Executive Director

Mr. You Tong Lioung @ Yew Tong Leong was appointed to the Board of Toyo Ink Group Berhad as an Independent Non-Executive Director on 4 August 2003. He is also a member of the Audit, Nomination and Remuneration Committees.

Upon graduation from Nanyang University in Singapore with a Bachelor of Commerce degree majoring in Banking, Mr. Yew naturally chose banking as his career by joining UMBC (the short of United Malayan Banking Corporation Berhad and is presently known as RHB Bank) on 16 December 1960. It was there he was trained intensively as a Bills Officer specializing in import and export trade financing. After one year, Mr. Yew was posted to several branches throughout the country as a Branch Manager for a period of about 23 years.

After his round in the branches, Mr. Yew resigned from UMBC and joined the then Malaysian French Bank (fondly known as French Bank, and now known as Alliance Bank) in 1985 as a Branch Manager serving in several branches for a period of about 11 years.

To further his career development, Mr. Yew retired from the bank in November 1996 to join a construction company as a Senior Operation Manager in Kedah.

He left the construction company in July 1998 to join Kurnia Insurans (M) Bhd, a leading general insurance company in Malaysia and Asean, as a Senior Manager until February 2012.

Mr. Yew is also sitting on the Board of SKB Shutters Corporation Berhad and chairs their Internal Audit Committee.

The Board of Toyo Ink Group stands to benefit significantly from Mr. Yew's vast experience and rich knowledge earned from the financial sector and other sectors over the years.

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2016.

He has no conflict of interest with the Company.

Mr. Lim Guan Lee

(Singaporean, aged 66)

Non-Independent Non-Executive Director

Mr. Lim Guan Lee is a Non-Independent Non-Executive Director appointed to the Board on 4 August 2003. Mr. Lim has more than 40 years of involvement in the printing ink industry and is currently the Chairman of Toyo Ink Pte. Ltd. He is also the Chairman and Managing Director of Lim Keenly Holdings Pte. Ltd.

He has attended 4 Board meetings held during his tenure in office in the financial year ended 31 March 2016.

He has no conflict of interest with the Company.

DIRECTORS' PROFILE

Ms. Song Hsiao May

(Malaysian aged 32)

Non-Independent Non-Executive Alternate Director to Song Kok Cheong

Ms. Song Hsiao May is the Non-Independent Non-Executive Alternate Director to Mr. Song Kok Cheong and was appointed to the Board on 25th September 2013. Song Hsiao May is a graduate with a Master in Business Administration and has a Bachelor Degree in Applied Science of Biotechnology. She has 9 years of involvement in the printing ink industry

She has not attended any Board meetings held during her tenure in office in the financial year ended 31 March 2016.

She has no conflict of interest with the Company.

Ms. Lim Soek Fun

(Singaporean aged 35)

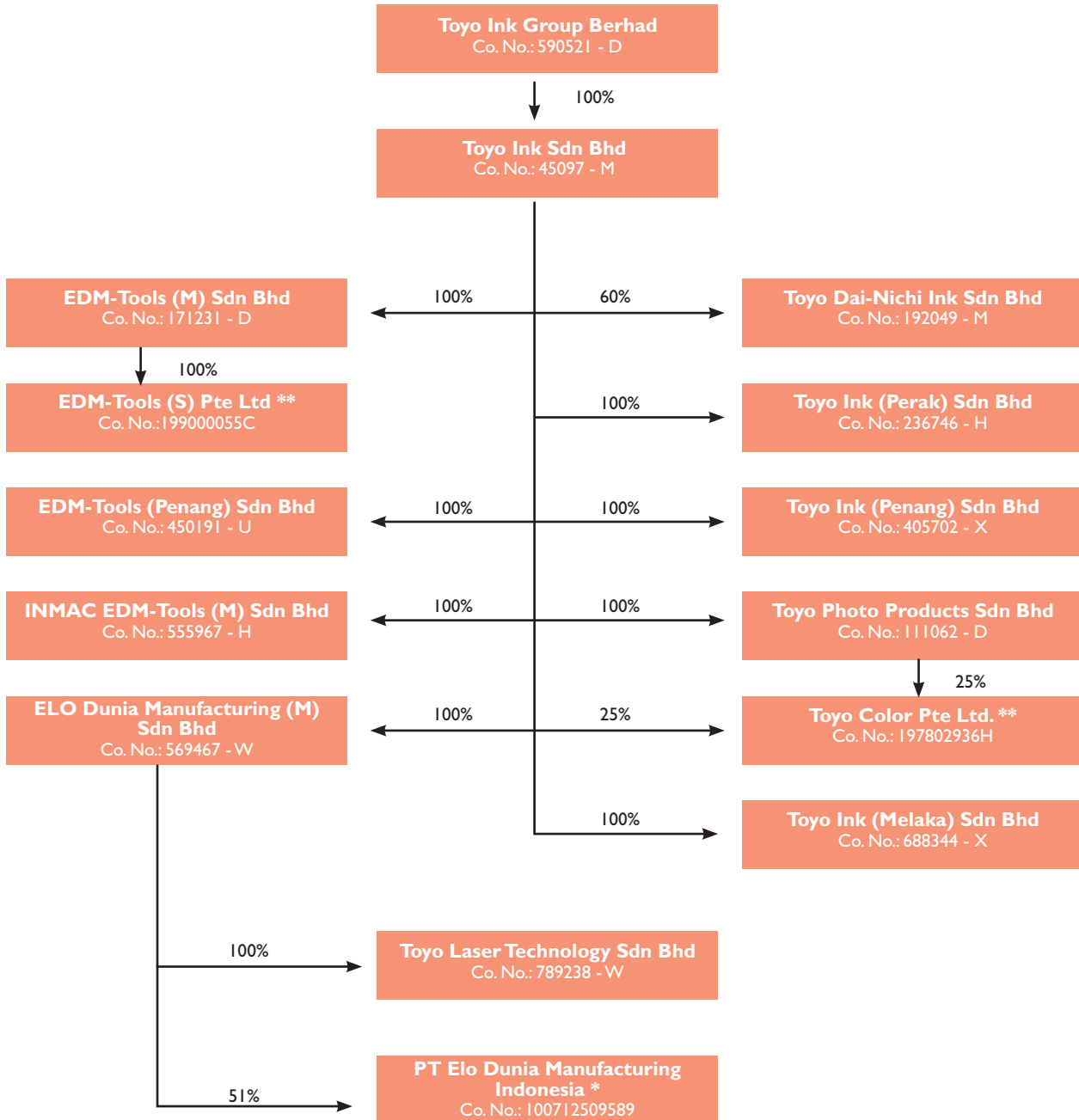
Non-Independent Non-Executive Alternate Director to Lim Guan Lee.

Miss Lim Soek Fun is the Non-Independent Non-Executive Alternate Director to Mr. Lim Guan Lee and was appointed to the Board on 25th September 2013. Ms Lim Soek Fun is a graduate with a Bachelor of Arts degree from Curtin University, Western Australia. She has 10 years of involvement in the printing ink industry and is currently serving as the Managing Director of Toyo Ink Pte. Ltd.

She has not attended any Board meetings held during her tenure in office in the financial year ended 31 March 2016.

She has no conflict of interest with the Company.

CORPORATE STRUCTURE



* Incorporated in Indonesia

** Incorporated in Singapore

CORPORATE INFORMATION

Board of Directors

Tuan Hj. Ir. Yusoff bin Daud
(Chairman)

Song Kok Cheong

Lim Guan Lee

Tham Kut Cheong

You Tong Lioung @ Yew Tong Leong

Song Hsiao May
(alternate to Song Kok Cheong)

Lim Soek Fun
(alternate to Lim Guan Lee)

Audit Committee

Tham Kut Cheong
(Chairman)

Tuan Hj. Ir. Yusoff bin Daud

You Tong Lioung @ Yew Tong Leong

Nomination Committee

Tham Kut Cheong
(Chairman)

Tuan Hj. Ir. Yusoff bin Daud

You Tong Lioung @ Yew Tong Leong

Remuneration Committee

Tham Kut Cheong
(Chairman)

You Tong Lioung @ Yew Tong Leong

Song Kok Cheong

Company Secretary

Andrea Huong Jia Mei (MIA 36347)

Registered Office

Lot 4.100, Tingkat 4, Wisma Central
Jalan Ampang, 50450 Kuala Lumpur
Telephone: 03-21619733
Fax: 03-21628157

Solicitors

Tan Kim Soon & Co
Ee & Associates

Principal Place of Business

PT 3477, Jalan 6/1
Kawasan Perusahaan Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan
Telephone: 03-89423335
Fax: 03-89421161

Share Registrar

Insurban Corporate Services Sdn. Bhd.
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Telephone: 03-77295529
Fax: 03-77285948

Auditors

UHY (AF 1141)
Suite 11.05 Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal Bankers

Amlslamic Bank Berhad
AmBank (M) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market - Stock Code 7173

CORPORATE INFORMATION



TOYO INK GROUP BHD
TOYO INK SDN BHD
TOYO PHOTO PRODUCTS SDN BHD
 PT 3477, Jalan 6/1, Kawasan Perusahaan Seri Kembangan,
 43300 Seri Kembangan, Selangor, Malaysia.



TOYO DAI-NICHI INK SDN BHD
 Lot 21, Jalan Pahat 16/8A
 40000 Shah Alam
 Selangor, MALAYSIA



EDM-TOOLS (M) SDN BHD
 6 & 8 Jalan TPP 1/1A
 Taman Industri Puchong 47100 Puchong
 Selangor Darul Ehsan.



TOYO INK (PENANG) SDN BHD
 48 Lorong Mak Mandin 5/1
 Kawasan Perindustrian Mak Mandin
 13400 Butterworth, Penang, MALAYSIA



TOYO INK (PERAK) SDN BHD
 17 & 19, Dataran Kledang 4
 Taman Perindustrian Chandran Raya
 31450 Menglembu Perak, MALAYSIA



TOYO INK (MELAKA) SDN BHD
 29 Jalan IMJ 5
 Taman Industri Malim Jaya
 75250 Melaka



TOYO COLOR PTE LTD
 63 Joo Koon Circle
 Singapore 629076



PT ELO DUNIA MANUFACTURING INDONESIA
 Jl Industri Selatan IV Block GG
 No. 5A, Kawasan Industri Jababeka II
 Cikarang Selatan
 Bekasi-Indonesia 17530

PRODUCTS AND SERVICES



Flexographic ink



Gravure ink



Masterbatch products - colorants



Offset process ink products



Masterbatch products - colorants



Glasurit automotive paints

PRODUCTS AND SERVICES



CNC GRAPHITE MACHINING CENTER



EROWA ROBOT AUTOMATION



ELBO CONTROLLI TOOL PRESETTER



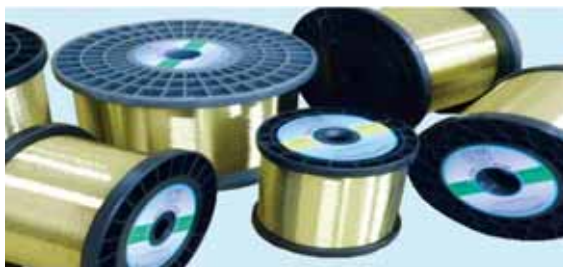
OR LASER WELDING MACHINE



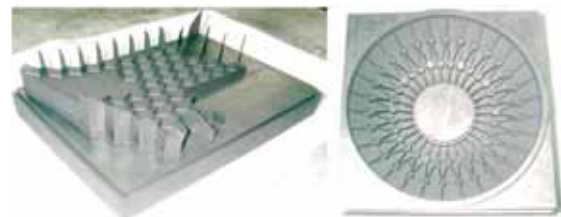
TOYO FIBRE LASER CUTTING MACHINE (Table type)



TOYO SPOT LASER WELDING



EDM CUT WIRE



GRAPHITE ELECTRODES

CHAIRMAN'S STATEMENT



Let me to take this opportunity to highlight to you the progress we had made, the challenges we had faced and the results we had recorded in the financial year just ended.

The financial year ended 31st March 2016 was filled with many new challenges. We witnessed the dampening effect of the Goods and Services Tax on consumer sentiment, the volatile and weakening exchange rate of our Ringgit vis-a-vis our trading partners and the historic fall in the price of crude to a low of almost USD30 per barrel from a high of above USD100 per barrel.

Trading conditions were extremely volatile and our management team had ensured that negative impacts on costs and margins were minimized wherever possible. The Board was fully aware of the difficult trading conditions and management was guided ever more closely in our monthly and quarterly performance review exercises.

I am proud to reflect that in spite of these difficult times our management team and our core competencies had remained intact. This bodes well for our group as we look forward to face the challenges in the years ahead.

CHAIRMAN'S STATEMENT

Review of Operations

The Board is aware of the need for prompt market feedback in the ever changing market environment and management responses need to be quick and effective to be successful in our various business divisions. Towards this end we highlight below some of our processes that are practiced and had been effective.

Monthly reviews of the results of operations of the group were conducted by senior management. The Managing Director together with senior management meet with the respective managers in charge of operating subsidiaries and divisions to critically evaluate the performance of each subsidiary company and division within the Toyo Ink Group. The Senior Independent Non-Executive Director is invited to sit in at these meetings to offer his advice and guidance wherever necessary.

This monthly review of operations form an important bridge between Board and Management as all policy decisions at Board level are conveyed by the Managing Director to the day to day operational managers within the Group.

Toyo Ink Group conducts a quarterly review of performance against budgets and business plans previously approved. The variances against budgets are examined and corrective actions and new strategies are adopted promptly to meet fast changing market conditions.

Financial Performance

The financial year ended 31 March 2016 achieved a consolidated group turnover of RM81.740 million, inclusive of RM7.198 million contributed by the off-set ink operations of Toyo Dainichi Ink Sdn Bhd (which had ceased operations since 1 May 2016). This was a slight decrease of RM0.024 million over the previous financial year consolidated group turnover of RM81.764 million. However, net profit after tax attributable to owners of the Group was RM1.473 million against RM1.693 million in the previous financial year.

This represented an earnings per share of 1.38 sen against an earnings per share of 1.58 sen in the previous financial year.

Business Sustainability

The Board of Toyo Ink Group Berhad is continuously evaluating business opportunities to achieve a satisfactory level of return to our shareholders and stakeholders.

In this respect we had announced the Vietnamese Government's approval for Toyo Ink Group Berhad to invest in a 2 x 1000 MW coal-fired thermal power plant on a "build-operate-transfer" (BOT) basis for a period of 25 years commencing 2020/21 and shall be located at Song Hau 2 Power Complex in Hau Giang Province in south-west Vietnam.

We are now finalizing details of the Power Purchasing Agreement with the Vietnamese Government and we shall make the necessary announcements once finalized. Upon finalizing the Power Purchasing Agreement the Investment License shall be issued to Toyo Ink Group Berhad. This is expected to be achieved before end 2016.

On the local front we had undertaken rationalization of some of our businesses to achieve improved utilization of

resources and create more effective and efficient work units to meet the challenges in the competitive market place. In this particular respect we had reviewed the future prospects of our offset ink operations and management, together with our joint venture partner, had decided that it is in our best mutual interest to cease the operations of this division. This exercise was completed by end April, 2016.

We had also rationalized the trading operations of Toyo Photo Products Sdn Bhd and merged these operations under Toyo Ink Sdn Bhd to achieve lower costs of operations and more effective utilization of our human resources.

By these efforts, management is confident that the resulting leaner structure and optimized utilization of our human resource will enable Toyo Ink Group to better meet the challenges ahead.

Corporate Social Responsibility

The Board is very aware of our responsibility to foster a caring presence in all our day to day dealings with the corporate entities, be they suppliers, customers, financiers, professional bodies or government agencies. For the financial year to 31 March 2016 we had identified and made a donation towards the Cancerlink Foundation. We hope that this small gesture from our Group will further assist the Cancerlink Foundation in achieving its noble objectives.

Moving forward

The business environment is generally expected to be very challenging in the next financial year. The Malaysian economy is forecast to grow by about 4.0% in 2016/17 amidst a host of uncertainties viz. the price of crude, the rate of exchange of the US Dollar which reflects on the strength of the Ringgit, the general weakness of the global economy and, in particular, the state of the China economy. Our Board and Management team at Toyo Ink Group had taken stock of the above scenario and the necessary rationalization of operations as explained above will put us in good stead going forward.

Our setting up of the power plant in Vietnam will greatly improve the Group's net profit and financial position and provide a much steadier income stream to our loyal shareholders and other stakeholders of the Group.

Appreciation

A most heart-felt thank you to all my colleagues on the Board without whose support and advice I would certainly have been unable to discharge my responsibilities to the Group.

We would also like to offer a word of thanks to our loyal shareholders, our bankers and financiers, our customers and other stakeholders, who had, in one way or other, encouraged us to toil ahead in this most challenging year.

Last, but not least, my sincere thanks to the management team of Toyo Ink Group for their undivided loyalty and commitment.

Thank you.

Tuan Hj. Ir.Yusoff bin Daud
Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Toyo Ink Group Berhad ("Board") is committed to ensure that the principles and best practices of the corporate governance as set out in the Malaysian Code of Corporate Governance ("2012 Code") are observed throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders value.

Set out below is a statement of how the Group has applied the principles laid down in the 2012 Code and the extent of the Group's compliance with the best practices of the 2012 Code throughout the financial year ended 31 March 2016. The Board considers that it has generally applied the principles and best practices of the 2012 Code as disclosed below:-

I. Establish clear roles and responsibilities

I.1 Clear Functions of the Board and Management

The Group continues to be led and managed by an effective Board. The Board is responsible for the corporate governance and the overall performance of the Group.

To ensure the effective discharge of its function and responsibilities, the Board has established and implemented the following measures to assist the members of the Board to discharge their duties and responsibilities:-

- (a) Delegates certain responsibilities to specific Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberation of specific board agenda.
- (b) Established and defined the terms of reference for each Committee. The Chairman of the respective Board Committee would report to the Board during the Board Meetings on significant matters deliberated in the Committees.
- (c) Established a Board Charter which sets out a list of specific functions that are reserved for the Board. Key matters reserved for the Board's approval includes corporate plans and programmes, annual budgets, new ventures and investments, major and massive capital expenditure projects not in the ordinary course of business and authority levels.
- (d) The Managing Director act as the conduct between the Board and the Management in ensuring the success of the Company's governance and management functions. He is responsible for the day to day operation of the Group's Business and to ensure the efficiency and effectiveness of the operation for the Group.

I.2 Clear Roles and Responsibilities

The Board establish clear roles and responsibilities in discharging its fiduciary and leadership functions as follows:-

- (a) Review and adopt a strategic plan for the Company which aims to promote sustainability within the aspects of environment, social and governance (ESG);
- (b) Overseeing conduct of the company's business to evaluate whether the business is properly managed;
- (c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- (d) Reviewing the adequacy and the integrity of the management information and internal control systems of the company; and
- (e) Succession planning, including appropriate training, fixing the compensation of and, where appropriate replacing senior management.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, to oversee operations and to coordinate the development and implementation of business and corporate strategies.

The presence of the Independent Non-Executive Directors assures an element of balance to the Board as they provide an independent view, advice and judgment to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making progress.

CORPORATE GOVERNANCE STATEMENT

1.3 Formalised Ethical Standards through Code of Ethics

In line with good governance practices, the Group has established a Whistle Blowing Policy and a Code of Ethics and Conducts ("Code"). The Whistle Blowing Policy provides a framework for direction and procedure to deal with fraud and related matters and defines the rights of the informants and the protection accorded to them while the Code sets out the principles and standards of business ethics and conduct of the Group.

The Group has established a transparent and confidential process for dealing with concerns of fraud and related matters.

The Whistle Blowing Policy of the Group covers amongst others ;-

- (a) Fraud;
- (b) Corruption, bribery or blackmail;
- (c) Criminal offences;
- (d) Failure to comply with a legal or regulatory obligation;
- (e) Miscarriage of justice;
- (f) Conflict of interest;
- (g) Sexual harassment;
- (h) Misuse of confidential information; and
- (i) Concealment of any or a combination of the above.

1.4 Strategies Promoting Sustainability

The Group is committed to sustainability development in regards to environmental, social, governance and economic concerns. As a responsible corporation, the Company are committed to carry out business operations in a manner that will create minimum negative impacts on the environment and the community while creating value for the stakeholders.

1.5 Access to Information and Advice

The Directors have the right to access all information pertaining to the business and affairs of the Group for the purpose of discharging their duties. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. Prior to the meeting of the Board and the Board Committees, Board papers, which include reports relevant to the issues of the meeting, were circulated at least seven (7) calendar days prior to the meeting to all Directors to enable them to obtain meeting documents and Company's information in a timely manner and thus improving effectiveness of decision making.

Every Director has unhindered access to the advice and services of the Company Secretary and senior management. The Directors are also empowered to seek independent professional advice at the Company's expense should they consider it is necessary in the furtherance of their duties.

1.6 Company Secretary

The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 139A of the Companies Act, 1965.

The Company Secretary is responsible to, amongst other, update and apprise the Board on new statutes or directives issued by regulatory authorities; attend Board and Board Committee meetings to ensure they are properly convened and deliberations at meetings are well documented; maintain accurate records of proceedings and resolutions passed at registered office and produced for inspection (if required); and lodgements with relevant statutory and regulatory bodies.

1.7 Board Charter

The Company's Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

During the financial year, the Board had on 13 July 2016 conducted a review on the Board Charter and updated its charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

CORPORATE GOVERNANCE STATEMENT

2. Strengthen Composition

2.1 Nomination Committee (“NC”)

The NC was established on 28 August 2003. The members of the NC, comprising exclusively of Non-Executive Directors, a majority must be independent, are as follows:-

Chairman	Tham Kut Cheong	(Independent Non-Executive Director)
Members	Tuan Hj. Ir.Yusoff bin Daud	(Independent Non-Executive Chairman)
	You Tong Lioung @ Yew Tong Leong	(Independent Non-Executive Director)

The NC is responsible for making recommendations on any nomination to the Board and to Committees of the Board. In making these recommendations, due consideration is given to the required mix of skills and experience that the proposed directors should bring to the Board and to the respective Board Committees. The decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the NC.

The NC will also access annually, the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director including Independent Non-Executive Directors.

The NC had held one (1) meeting during the financial year ended 31 March 2016 which were attended by all members.

2.2 Develop, Maintain And Review Criteria For Recruitment And Annual Assessment Of Directors

(a) Recruitment or New Appointment of Directors

The Board appoints its members through a formal and transparent selection process which involves (1) identification of candidates for directorships, (2) evaluation and deliberation of suitability of candidates by the NC and (3) recommendation to the Board.

In making these, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment, gender diversity and other qualities that the proposed directors should bring to the Board and to the respective Board Committees.

(b) Gender Diversity Policy

The Board is supportive of the gender diversity policy. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

(c) Re-election and Re-appointment of Directors

The Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting (“AGM”).

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following AGM immediately after his appointment. In addition, Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Information of each Director standing for re-election covering their personal profile, meeting attendance, directorships in other public companies and shareholdings in the Group is furnished in the Annual Report.

(d) Annual Assessment

During the financial year, the NC conducted a meeting in 13 July 2016 to carry out its annual appraisal on the effectiveness of the Board, its Committees, the contribution of each director and the independence of the Independent Directors. The annual appraisal was conducted via questionnaires.

The Board's effectiveness was assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investors relations. The review criteria for accessing the Directors' individual performance was largely focus on their meeting attendance, competencies, experience, knowledge and commitment, contribution to interaction, constructive expression of views and issues, quality of input and understanding of role as Directors.

The NC, upon the review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

CORPORATE GOVERNANCE STATEMENT

2.3 Directors' Remuneration

The Remuneration Committee ("RC") was established on 28 August 2003. The members of the RC, comprising a majority of Independent Non-Executive Directors, are as follows:-

Chairman	Tham Kut Cheong	(Independent Non-Executive Director)
Members	You Tong Lioung @ Yew Tong Leong	(Independent Non-Executive Director)
	Song Kok Cheong	(Managing Director)

The RC's duty is to make recommendations to the Board on the remuneration framework for all Executive Directors. The policy practiced on Directors' remuneration is to provide the remuneration necessary to attract, retain and motivate Executive Directors of the quality required to manage the businesses of the Company.

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held one (1) meeting during the financial year ended 31 March 2016 which was attended by all the members.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors shall abstain from discussions pertaining to their own remuneration.

The details of the Directors' remuneration from the Group for the financial year ended 31 March 2016 are as follows:-

- (a) An analysis of the aggregate remuneration received by the Directors of the Company from the Group, categorised into appropriate components is set out below:-

	Fees RM'000	Salaries & other emoluments RM'000	Benefit in Kind RM'000	Total RM'000
Executive Directors	63	394	-	457
Non-Executive Directors	58	137	-	195

- (b) Analysis of Directors' remuneration categorized in successive band of RM50,000:-

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	-	2
RM50,001 to RM100,000	-	2
RM450,001 to RM500,000	1	-

Note: Successive bands of RM50,000 are not shown entirely as these are not represented.

3. Reinforce Independence

3.1 Annual Assessment of Independence

The Board will assess the independence of its Independent Directors annually in accordance with the criteria prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

During the financial year, the Board conducted the annual appraisal on the independence of the Independent Directors using the peer evaluation questionnaire for assessing the performance of the Independent Directors and the Independent Director questionnaire. Based on results of the appraisal, it was concluded that the Independent Directors continues to remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees.

Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nomination Committee and the Board.

CORPORATE GOVERNANCE STATEMENT

3.2 Tenure of Independent Directors

In line with the 2012 Code, the Board has agreed that upon the completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. However, the Board must justify and seek shareholders' approval in the event it retains an Independent Director, a person who has served in that capacity for more than nine (9) years.

As at the date of this statement, two of its existing Independent Directors namely Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong have served for more than nine years. The Board, through the NC, has assessed, reviewed and determined that they have both remain objective and independent. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Board believes that the Group benefits from long serving Directors, who possess detailed knowledge of the Group's business and have proven commitment, experience and competence for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the coming AGM for them to continue in office as Independent Directors.

3.3 Separation of positions of the Chairman and Managing Director ("MD")

The roles and responsibilities of the Chairman and MD are separated to ensure balance of authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director has the overall responsibility for the day-to-day management of the Group's businesses and implementation of the Board's policies and decisions. All major matters and issues are referred to the Board for consideration and approval.

3.4 Composition of the Board

As at the financial year ended 31 March 2016, the Board is made up of one (1) Managing Director, one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors and two (2) Alternate Directors. The composition of the Board complies with paragraph 15.02 of the Listing Requirements of Bursa Securities.

The Group practices a division of responsibility between the Managing Director and Non-Executive Directors. The Managing Director is responsible for implementing the policies and decisions of the Board, to oversee operations and to coordinate the development and implementation of business and corporate strategies. The Non-Executive Directors are responsible to provide independent views, advice and judgment in consideration of the interests of shareholders at large.

A brief profile of each Director is presented on pages 5 to 7 of this Annual Report.

4. Foster Commitment

4.1 Time Commitment

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board and Board Committee Meetings held during the financial year ended 31 March 2016, as reflected below:-

	Attendance At Meetings of			
	Board	Audit Committee	NC	RC
Tuan Hj. Ir. Yusoff bin Daud	6/*6	5/*5	1/*1	N/A
Song Kok Cheong	6/*6	5/#5	N/A	1/*1
Lim Guan Lee	4/*6	N/A	N/A	N/A
Tham Kut Cheong	6/*6	5/*5	1/*1	1/*1
You Tong Lioung @ Yew Tong Leong	6/*6	5/*5	1/*1	1/*1
Lim Soek Fun (Alternate Director to Lim Guan Lee)	0/*6	N/A	N/A	N/A
Song Hsiao May (Alternate Director to Song Kok Cheong)	0/*6	N/A	N/A	N/A

*Reflect the number of meetings held during the director's tenure of office

#Attended by invitation

N/A - Not Applicable

CORPORATE GOVERNANCE STATEMENT

4.2 Directors' Training

The Board acknowledges the importance of continuous education and training to enable the Board to effectively discharge its duties and responsibilities. The Board shall evaluate and determine the training needs of its Directors on a continuous basis pursuant to the Listing Requirements of Bursa Securities. All Board members have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements.

During the financial year ended 31 March 2016, the Directors have attended the following training:-

Director	Training	Date Attended
Lim Guan Lee	Director in-house training on Strategic Direction For Senior Management	18.03.2016
You Tong Lioung @ Yew Tong Leong	Director in-house training on Strategic Direction For Senior Management	18.03.2016
Tuan Haji Ir. Yusoff Daud	Director in-house training on Strategic Direction For Senior Management	18.03.2016
Song Kok Cheong	Director in-house training on Strategic Direction For Senior Management	18.03.2016
Tham Kut Cheong	Director in-house training on Strategic Direction For Senior Management	18.03.2016
Song Hsiao May (Alternate Director to Song Kok Cheong)	Director in-house training on Strategic Direction For Senior Management	18.03.2016
Lim Soek Fun (Alternate Director to Lim Guan Lee)	Director in-house training on Strategic Direction For Senior Management	18.03.2016

5. Uphold Integrity In Financial Reporting

5.1 Compliance With Applicable Financial Reporting Standards

The Directors are responsible for the preparation and fair presentation of the financial statements for each financial year in accordance with applicable Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the Audit Committee to ensure the quality and adequacy of such information, prior to submission to the Board for its approval focusing particularly on :

- (a) Changes in or implementation of major accounting policy changes ;
- (b) Significant and unusual events; and
- (c) Compliance with accounting standards and other legal requirements.

The Statement of Directors' Responsibility in relation to the financial statements is presented on the appropriate section of this Annual Report.

5.2 Assessment Of Suitability And Independence of External Auditors

To maintain a transparent and formal relationship with the Company's External Auditors, the Audit Committee reviews the appointment, performance, independence and remuneration of the external auditors.

The Audit Committee policies of the Group in evaluating the suitability and independence of external auditors are as follows:-

- (a) Keeping track of evolving standards and best practices in areas relating to independence and ethical rules ;
- (b) Specified criteria on the qualification of External Auditors in relation to the scope and size of audit ;
- (c) Limit on the engagement term of External Auditors to ensure minimal familiarity threat;
- (d) Listing out the non-audit services by external auditors which are prohibited and prohibitive contingent fee arrangements for services by the External Auditors ; and
- (e) Limit on the fee size of the non-audit services provided by External Auditors , in absolute terms and/or as a percentage of audit fee.

CORPORATE GOVERNANCE STATEMENT

The Audit Committee had met with the external auditors once during the financial year under review without the presence of executive members of the Board. The Audit Committee Report covering its terms of reference, composition, activities and attendance of the members are reported separately on pages 23 to 26.

6. Recognise And Manage Risks

6.1 Sound Framework to Manage Risks

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. Risk management is embedded in the Group's management systems. The Board with the assistance of the outsourced internal audit function has established processes for identifying, evaluating and managing the significant risks faced by the core business of the Group. The outcome of the process is reviewed by the Board and is guided by the Statement on Risk Management & Internal Control Guidelines for Directors of Public Listed Companies issued by Bursa Securities.

6.2 Internal Audit Function

The internal audit function is outsourced to an independent internal audit service company. The Audit Committee reviews and approves the internal audit plan, which is developed based on the key risk areas and major operating units of the Group. Audit reviews were carried out on quarterly basis and audit findings were reported to the Audit Committee. Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 23 to 26 of this Annual Report.

The Statement of Risk Management and Internal Control furnished on pages 27 to 28 of this Annual Report provides an overview on the state of internal controls within the Group.

7. Ensure Timely and High Quality Disclosure

7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. In that respect, the Company is guided by Bursa Securities' disclosure framework as outlined in its Corporate Disclosure Guide.

7.2 Leverage on Information Technology For Effective Dissemination of Information

The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. Shareholders and members of the public can obtain information on the Group through the Bursa Securities' website at <http://www.bursamalaysia.com>.

8. Strengthen Relationship Between Company and Shareholders

8.1 Encourage Shareholder Participation At General Meetings

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

8.2 Encourage Poll Voting

Shareholders are informed of their voting rights and the proper procedures for poll voting at the commencement of the meeting. The Board has taken due note of the Code's recommendation which encourages putting substantive resolutions to voting by poll and in particulars, the recent disclosure and corporate governance amendments to the Listing Requirements requiring any resolution set out in the notice of any general meeting or notice of resolution to be voted by poll. Accordingly, all resolutions put forward by the Company in its coming Annual General Meeting to be held on 8 September 2016 will be voted by way of poll and the poll results will be independently verified by external scrutineers.

CORPORATE GOVERNANCE STATEMENT

8.3 Effective Communication And Proactive Engagement

Besides the key channels of communication through the Company's AGM, Annual Report, Quarterly Report and various announcements to the Bursa Securities, the Company's website at <http://www.toyoink.com.my> also provides corporate, financial and non-financial information. Through the website, shareholders are able to direct enquiries to the Company. Additionally, a press conference is held immediately after the AGM upon request.

The Board has also designated Mr. Tham Kut Cheong as the Senior Independent Director to whom shareholders and investors can voice their view and concerns by email at kc.tham@toyoink.com.my as an alternative channel of communication with shareholders.

Statement of Directors' Responsibility for Preparation of the Financial Statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 and the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have:-

- Applied appropriate and relevant accounting policies consistently;
- Ensure compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965;
- Made estimates and judgments which are reasonable and prudent; and
- Ensure the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate system are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 19 July 2016.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee of Toyo Ink Group Berhad was established on 28 August 2003. For the financial year ended 31 March 2016, the Audit Committee comprises the following directors:-

Chairman

Tham Kut Cheong *(Independent Non-Executive Director)*

Members

You Tong Lioung @ Yew Tong Leong *(Independent Non-Executive Director)*
Tuan Hj. Ir. Yusoff bin Daud *(Independent Non-Executive Chairman)*

SUMMARY OF THE TERMS OF REFERENCE

1) MEMBERSHIP

- 1.1) The Committee shall be appointed by the Board from amongst the directors of the Company and shall be composed exclusively of Non-Executive Directors of no fewer than three members, of whom the majority shall be independent.
- 1.2) The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 1.3) No alternate director shall be appointed as a member of the Committee.
- 1.4) The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.
- 1.5) If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Bursa Securities are breached, the Board shall, within three months of the event, appoint such number of new members as may be required to correct the breach.
- 1.6) The Board shall review the term of office of Committee members no less than once every three years.

2) AUTHORITY

- 2.1) The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:
 - (a) investigate any activity within the Committee's terms of reference;
 - (b) have resources which are reasonably required to enable it to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company or its subsidiaries;
 - (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
 - (e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
 - (f) convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT

3) FUNCTIONS AND RESPONSIBILITIES

- 3.1) The functions of the Committee shall be, amongst others, to review the following and report the same to the Board:-
- (a) with the External Auditors, the scope of the audit and the audit plan;
 - (b) with the External Auditors, their evaluation of the system of internal controls;
 - (c) with the External Auditors, their management letter and the management's response;
 - (d) with the External Auditors, their audit report;
 - (e) the assistance given by the employees to the External Auditors;
 - (f) the nomination or re-appointment of the External Auditors and their audit fees as well as matters pertaining to resignation or change of the External Auditors;
 - (g) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (h) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (i) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) any changes in or implementation of major accounting policy changes;
 - (ii) significant adjustments arising from the audit;
 - (iii) significant and unusual events;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards and other legal requirements;
 - (j) any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that raises questions of management integrity; and
 - (k) any other matters as directed by the Board.
- 3.2) The Committee shall establish an internal audit function which is independent of the activities it audits.
- 3.3) The Committee shall oversee the internal audit function and is authorised to commission investigations to be conducted by internal audit as it deems fit.
- 3.4) The Internal Auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- 3.5) All proposals by management regarding the appointment, transfer or dismissal of the Internal Auditor shall require the prior approval of the Committee.

4) QUORUM, ATTENDANCE AND FREQUENCY OF MEETINGS

- 4.1) The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.
- 4.2) The Head of Finance, the Head of Internal Audit and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting upon the invitation of the Audit Committee, specific to the relevant meeting. However, at least twice a year the Committee shall meet with the External Auditors without executive Board members present.
- 4.3) The Chairman shall call for meetings, to be held not less than four times a year. The External Auditors may request a meeting if they consider one necessary.

AUDIT COMMITTEE REPORT

5) REPORTING PROCEDURES

- 5.1) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- 5.2) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's annual report.
- 5.3) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

AUDIT COMMITTEE MEETINGS

The Audit Committee met five times during the financial year ended 31 March 2016. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

Audit Committee Member	No. of Audit Committee Meetings	
	Held	Attended
Chairman Tham Kut Cheong (Independent Non-Executive Director)	5	5
Members You Tong Lioung @ Yew Tong Leong (Independent Non-Executive Director)	5	5
Members Tuan Hj. Ir. Yusoff bin Daud (Independent Non-Executive Chairman)	5	5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2016

During the financial year ended 31 March 2016 the activities of the Audit Committee included the following:-

- (a) reviewed the unaudited quarterly financial results and announcements of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- (b) reviewed the audited financial statements for the year ended 31 March 2015;
- (c) reviewed the External Auditors' report to the Committee in relation to the audit and accounting issues arising from the audit of the Group's financial statements for the year ended 31 March 2015;
- (d) reviewed the audit fees and made recommendation to the Board on their re-appointment and remuneration;
- (e) reviewed the assistance and cooperation given by the employees to the External Auditors in respect of the audit for the financial year ended 31 March 2015;
- (f) reviewed the External Auditors' audit plan and scope of audit for the financial year ended 31 March 2016;
- (g) met with the External Auditors twice during the financial year ended 31 March 2016 in the absence of the executive Board members;
- (h) reviewed the internal audit reports prepared by the Internal Auditor on the Company and its subsidiaries, the audit findings, recommendations made, management implementation of audit recommendations and recurrent related party transactions; and
- (i) reviewed the disclosure statements on Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control for the year ended 31 March 2015 and recommended their adoption to the Board.



AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an internal audit consulting company and the selected team is independent of the activities audited by them and the external auditors.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2016 is RM71,000.

The principal responsibility of the internal audit function is to undertake review on systems of internal control and to report to the Audit Committee of the state of controls and areas for improvement. The Internal Auditors perform its reviews based on the audit plan that was reviewed and approved by the Audit Committee.

During the financial year, the Internal Auditors have conducted audit on selected subsidiaries and key functions and reported their findings and recommendation to the Audit Committee. These internal audit reports together with responses by management were circulated to all members of the Audit Committee. These internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings.

2016 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) with regard to the disclosure of the Group’s state of risk management and internal control. In making this Statement, the Board is guided by the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORKS

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. The Board’s priority in risk management is to ensure that uncertainty and risks of investment in new business venture are monitored in order to safeguard the interest of the shareholders.

The Board collectively oversees and reviews the conduct of the Group’s business while the Managing Director and management carry out measures and controls to ensure that risks are effectively managed. The systems of internal control are reviewed by the Audit Committee with the assistance of the internal audit function who report to the Audit Committee on a quarterly basis.

Upon reviewing the internal audit findings and reports, the Audit Committee will brief the Board on the key audit findings. Follow-up audit is carried out by the internal audit function in order to ascertain status of management actions.

Apart from reviewing the systems of internal control, the Audit Committee also reviews the financial information and reports produced by management. With the consultation with management, the Board and Audit Committee deliberate the integrity of the financial results, annual report and audited financial statements before presenting this financial information to the shareholders and public investors.

The quality management systems namely the ISO 9001:2008 and ISO 14001:2004 are adopted in key subsidiaries of the Group. These quality management systems form the guiding principles for the operation procedures. Third party surveillance audits are carried out by external certification body on an annual basis to ensure the compliance with ISO requirements. Toyo Ink Sdn. Bhd. continues to be certified for both ISO 9001:2008 and ISO 14001:2004 quality management systems while Inmac EDM-Tools (M) Sdn. Bhd. and Elo Dunia Manufacturing (M) Sdn. Bhd. are ISO 9001:2008 certified.

The other key elements of systems of internal control and its review mechanisms are as follows:

- i. Defined authority and responsibility for each functional division and process and procedure for core business activities;
- ii. Limit of authority and approval facilitating delegation of authority;
- iii. Informal meetings and discussions are held by the directors and management team members to monitor and ensure that businesses are under control and corporate targets and objectives are achieved;
- iv. Management information systems generating financial data and information for reporting, review and monitoring purposes; and
- v. Security controls at strategic locations and premises of the Company and its subsidiaries.

MANAGEMENT ACCOUNTABILITY AND ASSURANCE

Management is accountable to the Board for identifying risks for the business of the Group’s objectives and strategies implementation, maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

Before producing this Statement, the Board has received assurance from the Group Managing Director that, to the best of his knowledge that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects.

2016 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are effective and there were no material losses resulted from significant control weakness that would require separate disclosure in the Annual Report.

The Board recognises that the risk management and systems of internal control should be continuously improved. It should also be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review of Statement on Internal Control by External Auditors

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 March 2016. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Nonetheless, RPG 5 does not require the External Auditors to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control system.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

This statement is made in accordance with a resolution of the Board on 13 July 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITY

This statement is made pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Companies Act, 1965 and all applicable Financial Reporting Standards currently in force in Malaysia.

The Directors have ensured that the Financial Statements for the year ended 31 March 2016 have adopted all relevant Financial Reporting Standards in Malaysia and these have been consistently applied and in a fair and reasonable manner. The going concern concept has been applied in the preparation of these financial statements.

All statutory and financial accounting records required to be maintained have been properly kept by the Group so as to disclose a true and fair view of the state of affairs and cash flows of the Group.

STATEMENT ON CORPORATE SUSTAINABILITY

Policy Statement

The Board of Directors acknowledges the importance of Business and Corporate Sustainability. This sustainability approach towards business operations will create long-term wealth by embracing opportunities and maximizing values deriving from economic, environmental and social developments.

The policy is applicable to all companies within the Group.

Objective of the Policy

The objectives of the policy are as follow:-

- Integrate management system and ensure organization value is continuously enhanced by economic, environmental and social improvement;
- Contribute values to the communities by improving quality of life of workforce and development of the industry

Scope of the Policy

The Group will address the principles of sustainability in the following variety of areas:-

- Comply with the applicable rules and regulations as well as best practices of the industry;
- The adoption of high standards of governance to minimize environment impact of our business operations;
- Reduction of waste and the adoption of disposal methods approved by the authorities and through proper waste disposal contractors and agents;
- Promote a corporate culture within the Group to operate its businesses in an integrity and transparent manner and in line with code of ethics and conduct;
- Manage human resources by maintaining workforce capabilities and employee satisfaction through continuous organizational learning, on-the-job training, safety and health practices and vibrant workplace;
- Caring for our employees and meeting the social needs of the community we operate in;
- Ensure fair business practices with customers, suppliers and business partners;
- Ensure product and service innovation and development by utilization of available technology and human resources in effective , efficient, economic and environmentally friendly manner; and
- Take into consideration environmental, economic and social factors in all corporate decision making.

Execution

The Group believes in leading by example and channeling the value of the Corporate Sustainability Policy to all its subsidiaries, business lines and overall operations. Adoption of this policy will create long-term wealth for our employees, shareholders, stakeholders and the community at large.

Review of the Policy

The Board will review the policy regularly to ensure its effectiveness and reserves the right to amend the policy if necessary.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Share Buy-backs

The Company did not have a share buy-back programme in place during the financial year.

Options, Warrants or Convertible Securities

There was no options, warrants or convertible securities issued during the financial year.

Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipt Programme.

Sanctions and/or Penalties

There was no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year.

Non-Audit fees

Non-audit fees paid to the external auditors of the Group for the financial year ended 31 March 2016 amounted to RM19,000/-.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Variation in Results

There were no material variance between the Company's audited financial statements for the financial year ended 31 March 2016 and the unaudited results previously announced.

Revaluation Policy

The Group has no revaluation policy on landed properties.

Family Relationship of Directors

Save as disclosed below, none of the Directors has any family relationship with any Directors and/or substantial shareholders of the Company:-

- (a) Mr. Song Kok Cheong and Madam Fong Po Yin are husband and wife.
- (b) Ms. Song Hsiao May is the daughter of Mr. Song Kok Cheong and Madam Fong Po Yin.
- (c) Mr. Lim Guan Lee and Ms. Lim Soek Fun are father and daughter.

Conflict of Interest with the Company

None of the Directors has any conflict of interest with the Company.

List of Conviction of Offences

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

Material Contracts Involving Directors and Major Shareholders

There were no material contracts (not being contracts entered into in the ordinary course of business) of the Company and its subsidiaries, involving Directors' and major shareholders' interests, still subsisting at the end of the financial year.

FINANCIAL STATEMENTS

34	Directors' Report
37	Statement By Directors/Statutory Declaration
38	Independent Auditors' Report To The Members
40	Statements Of Financial Position
41	Statements Of Profit Or Loss And Other Comprehensive Income
42	Statements Of Changes In Equity
44	Cash Flow Statements
46	Notes To The Financial Statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

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

Financial Results

	Group (RM)	Company (RM)
Net profit/(loss) for the financial year:	<u>838,329</u>	<u>(315,325)</u>
Attributable to:		
Owners of the Parent	1,473,033	(315,325)
Non-controlling interests	<u>(634,704)</u>	<u>-</u>
	<u>838,329</u>	<u>(315,325)</u>

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Warrant 2013/2018

On 30 April 2013, 42,800,000 warrants ("Warrants") issued pursuant to the Rights Issue with Warrants on the basis of one (1) free Warrant for every one (1) Rights Shares subscribed were listed and quoted on the Main Market of Bursa Securities.

The Warrants which are issued with the Rights Shares are immediately detached upon issuance and are separately traded.

The Warrants are constituted by the deed poll dated 3 January 2013 ("Deed Poll").

The salient features of the Warrants and outstanding at the end of the financial year are disclosed in Note 15(b) to the financial statements.

As at 31 March 2016, 42,800,000 warrants remained unexercised.

Directors

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

Tuan Haji Ir. Yusoff Bin Daud

Song Kok Cheong

Lim Guan Lee

Tham Kut Cheong

You Tong Lioung @ Yew Tong Leong

Lim Soek Fun (Lin Shufen) (Alternate Director to Lim Guan Lee)

Song Hsiao May (Alternate Director to Song Kok Cheong)

DIRECTORS' REPORT

Directors' Interests

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	← No. of ordinary shares of RM1.00 each →			
	AT 1.4.2015	Bought	Sold	AT 31.3.2016
Interests in the Company Direct Interests:				
Tuan Hj. Ir.Yusoff Bin Daud	230,964	-	-	230,964
Song Kok Cheong	11,477,525	-	-	11,477,525
Lim Guan Lee	11,448,204	-	-	11,448,204
Song Hsiao May (Alternate Director to Song Kok Cheong)	100,000	-	-	100,000
Indirect Interests:				
Song Kok Cheong *	391,726	-	-	391,726
Lim Guan Lee **	119,000	-	-	119,000

	← No. of Warrants 2013/2018 →			
	AT 1.4.2015	Bought	Sold	AT 31.3.2016
Interests in the Company Direct Interests:				
Tuan Hj. Ir.Yusoff Bin Daud	100,000	-	-	100,000
Song Kok Cheong	5,123,300	-	(770,900)	4,352,400
Lim Guan Lee	4,579,281	-	-	4,579,281
Song Hsiao May (Alternate Director to Song Kok Cheong)	40,000	-	-	40,000
Indirect Interests:				
Song Kok Cheong *	157,000	-	-	157,000

* Deemed interest by virtue of shares and warrants held by spouse/children.

** Deemed interest by virtue of the shareholdings in Lim Keenly Investments Pte. Ltd..

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

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

Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their values 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.

DIRECTORS' REPORT

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;
 - (ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 July 2016

SONG KOK CHEONG

THAM KUT CHEONG

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 40 to 91 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 35 to the financial statements on page 91 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 July 2016

SONG KOK CHEONG

THAM KUT CHEONG

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, SONG KOK CHEONG, being the Director primarily responsible for the financial management of TOYO INK GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 40 to 91 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 19 July 2016.)

SONG KOK CHEONG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of Toyo Ink Group Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 91.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 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, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 8 to the financial statements which disclosed the current status of the 2 x 1000 megawatt Song Hau 2 Thermal Power Plant Project ("the Project").

The Project has commenced since the financial year 2008. Incidental costs made for the project has been accumulated to RM228,831,521 as at 31 March 2016.

On 1 August 2013, the Company had signed the Memorandum of Understanding ("MOU") with the Ministry of Industry and Trade of the Socialist Republic of Vietnam ("MOIT") for the construction of the Project under a Build-Operate-Transfer ("BOT") basis and received approval from MOIT on the Company's Feasibility Study Report of Works Construction Investment Project of the Project.

On 5 June 2014, the Company had executed a Principle of Project Agreements with MOIT which sets out the general principles for negotiation and finalisation of the project documents in relation to the project.

The ultimate outcome of the Project is dependent on the issuances of the Investment Certificate to incorporate a Vietnam registered company and signing of the BOT agreement, Coal Supply agreement, Land Lease Agreement, Power Purchase Agreement and other relevant agreements with the respective authorities and government agencies of Vietnam. The Company is in the midst of finalisation of the relevant agreements as of the date of this report. The Board of Directors is of the opinion that the signing of all the relevant agreements is expected to be completed within the next 12 months. We have gathered the same opinion in our recent visit and meeting with MOIT.

While recognising the risks involved, the Board of Directors is confident of the successful outcome of the Project. The Directors of the Company are also of the opinion that no impairment is required as the Project will enhance the future profitability and improve the financial position of the Group.

REPORT ON THE FINANCIAL STATEMENTS

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 91 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

UHY

Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG

Approved Number: 3068/08/18(J)
Chartered Accountant

KUALA LUMPUR

19 July 2016

STATEMENTS OF FINANCIAL POSITION as at 31 MARCH 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Non-Current Assets					
Property, plant and equipment	4	36,081,726	35,985,054	-	-
Investment in subsidiary companies	5	-	-	31,611,684	31,611,684
Investment in an associate company	6	478,145	481,311	-	-
Goodwill on consolidation	7	17,496,312	17,496,312	-	-
Deferred expenditures	8	228,831,521	150,776,159	-	-
		<u>282,887,704</u>	<u>204,738,836</u>	<u>31,611,684</u>	<u>31,611,684</u>
Current Assets					
Inventories	9	13,642,857	12,996,057	-	-
Trade receivables	10	20,190,707	18,538,964	-	-
Other receivables	11	1,477,169	3,159,820	3,788	5,000
Amount owing by a subsidiary company	12	-	-	75,191,652	75,565,073
Tax recoverable		304,755	140,233	-	-
Fixed deposit with a licensed bank	13	19,515	18,931	-	-
Cash and bank balances		3,491,373	2,992,535	4,472	23,764
		<u>39,126,376</u>	<u>37,846,540</u>	<u>75,199,912</u>	<u>75,593,837</u>
Total Assets		<u>322,014,080</u>	<u>242,585,376</u>	<u>106,811,596</u>	<u>107,205,521</u>
Equity					
Share capital	14	98,868,000	98,868,000	98,868,000	98,868,000
Reserves	15	25,076,666	23,584,229	7,776,311	8,091,636
Equity attributable to owners of the parent		123,944,666	122,452,229	106,644,311	106,959,636
Non-controlling interests		2,990,490	3,641,410	-	-
Total Equity		<u>126,935,156</u>	<u>126,093,639</u>	<u>106,644,311</u>	<u>106,959,636</u>
Non-Current Liabilities					
Finance lease liabilities	16	68,490	122,187	-	-
Bank borrowings	17	8,497,324	8,120,532	-	-
Deferred tax liabilities	18	1,208,912	1,594,774	-	-
		<u>9,774,726</u>	<u>9,837,493</u>	-	-
Current Liabilities					
Trade payables	19	9,038,278	12,000,997	-	-
Other payables	20	156,787,795	73,107,778	82,221	96,301
Amount owing to Directors	21	132,920	277,840	72,920	145,840
Finance lease liabilities	16	54,743	81,678	-	-
Bank borrowings	17	18,526,528	20,286,042	-	-
Tax payables		763,934	899,909	12,144	3,744
		<u>185,304,198</u>	<u>106,654,244</u>	<u>167,285</u>	<u>245,885</u>
Total Liabilities		<u>195,078,924</u>	<u>116,491,737</u>	<u>167,285</u>	<u>245,885</u>
Total Equity and Liabilities		<u>322,014,080</u>	<u>242,585,376</u>	<u>106,811,596</u>	<u>107,205,521</u>

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the financial year ended 31 MARCH 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	22	81,740,840	81,764,296	240,000	390,000
Cost of sales		(64,553,854)	(64,987,097)	-	-
Gross profit		17,186,986	16,777,199	240,000	390,000
Other income		1,878,056	844,662	-	-
Selling and distribution costs		(7,554,439)	(6,950,235)	-	-
Administrative expenses		(8,420,951)	(6,730,243)	(522,366)	(341,266)
Profit/(Loss) from operations		3,089,652	3,941,383	(282,366)	48,734
Finance costs	23	(1,563,212)	(1,573,980)	-	-
Share of loss of associate		(3,166)	(436)	-	-
Profit/(Loss) before tax	24	1,523,274	2,366,967	(282,366)	48,734
Taxation	25	(684,945)	(941,656)	(32,959)	(59,070)
Profit/(Loss) for the financial year		838,329	1,425,311	(315,325)	(10,336)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange translation differences for foreign operations		3,188	(16,263)	-	-
Total comprehensive income/ (loss) for the financial year		841,517	1,409,048	(315,325)	(10,336)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		1,473,033	1,692,900	(315,325)	(10,336)
Non-controlling interests		(634,704)	(267,589)	-	-
		838,329	1,425,311	(315,325)	(10,336)
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		1,492,437	1,676,637	(315,325)	(10,336)
Non-controlling interests		(650,920)	(267,589)	-	-
		841,517	1,409,048	(315,325)	(10,336)
Earnings per share					
Basic earnings per share (sen):	26(a)	1.38	1.58		
Diluted earnings per share (sen):	26(b)	N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY for the financial year ended 31 MARCH 2016

Group	Non-distributable				Attributable to Owners of the Company			Total Equity RM
	Share Capital RM	Warrant Reserve RM	Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total RM	
At 1 April 2014	98,868,000	8,132,000	153,095	14,692,497	121,845,592	4,014,171	125,859,763	
Net profit for the financial year	-	-	-	1,692,900	1,692,900	(267,589)	1,425,311	
Exchange translation differences for foreign operations	-	-	(16,263)	-	(16,263)	-	(16,263)	
Total comprehensive income/(loss) for the financial year	-	-	(16,263)	1,692,900	1,676,637	(267,589)	1,409,048	
Transaction with owners:								
Dividends paid	-	-	-	(1,070,000)	(1,070,000)	(105,172)	(1,175,172)	
At 31 March 2015	98,868,000	8,132,000	136,832	15,315,397	122,452,229	3,641,410	126,093,639	
At 1 April 2015	98,868,000	8,132,000	136,832	15,315,397	122,452,229	3,641,410	126,093,639	
Net profit for the financial year	-	-	-	1,473,033	1,473,033	(634,704)	838,329	
Exchange translation differences for foreign operations	-	-	19,404	-	19,404	(16,216)	3,188	
Total comprehensive income/(loss) for the financial year	-	-	19,404	1,473,033	1,492,437	(650,920)	841,517	
At 31 March 2016	98,868,000	8,132,000	156,236	16,788,430	123,944,666	2,990,490	126,935,156	

STATEMENTS OF CHANGES IN EQUITY for the financial year ended 31 MARCH 2016

Company	-----Attributable to Owners of the Company-----			
	-----Non-distributable-----		-----Distributable-----	
	Share Capital RM	Warrant Reserve RM	Retained Profits RM	Total RM
At 1 April 2014	98,868,000	8,132,000	1,039,972	108,039,972
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	(10,336)	(10,336)
Transaction with owners:				
Dividends paid	-	-	(1,070,000)	(1,070,000)
At 31 March 2015	98,868,000	8,132,000	(40,364)	106,959,636
At 1 April 2015	98,868,000	8,132,000	(40,364)	106,959,636
Net loss for the financial year, representing total comprehensive loss for the financial year"	-	-	(315,325)	(315,325)
At 31 March 2016	98,868,000	8,132,000	(355,689)	106,644,311

STATEMENTS OF CASH FLOWS for the financial year ended 31 MARCH 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	1,523,274	2,366,967	(282,366)	48,734
Adjustments for:				
Bad debts written off	4,164	19,486	-	-
Depreciation of property, plant and equipment	2,007,600	3,032,212	-	-
(Gain)/Loss on disposal of property, plant and equipment	(273,743)	32,220	-	-
Impairment loss on trade receivables	17,650	73,153	-	-
Interest expense	1,563,212	1,573,980	-	-
Interest income	(2,499)	(10,583)	-	-
Inventories written off	97,313	19,093	-	-
Property, plant and equipment written off	52,313	13,027	-	-
Reversal of impairment loss on trade receivables	-	(177,598)	-	-
Reversal of impairment loss on property, plant and equipment	-	(95,164)	-	-
Share of loss of associate	3,166	436	-	-
Unrealised loss/(gain) on foreign exchange	143,126	(30,650)	-	-
Operating profit/(loss) before working capital changes	5,135,576	6,816,579	(282,366)	48,734
Changes in working capital:				
Inventories	(744,113)	1,858,967	-	-
Trade receivables	(1,613,827)	1,559,140	-	-
Other receivables	1,682,651	(389,303)	1,212	90,000
Trade payables	(3,067,849)	1,849,258	-	-
Other payables	83,680,016	25,995,911	(14,080)	24,157
Directors	(144,920)	57,920	(72,920)	72,920
Subsidiary company	-	-	373,421	879,582
	79,791,958	30,931,893	287,633	1,066,659
Cash generated from operations	84,927,534	37,748,472	5,267	1,115,393

STATEMENTS OF CASH FLOWS for the financial year ended 31 MARCH 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Interest paid		(1,563,212)	(1,573,980)	-	-
Interest received		2,499	10,583	-	-
Tax paid		(1,621,909)	(1,426,131)	(24,990)	(34,422)
Tax refund		250,605	348,877	431	-
		(2,932,017)	(2,640,651)	(24,559)	(34,422)
Net cash from/(used in) operating activities		<u>81,995,517</u>	<u>35,107,821</u>	<u>(19,292)</u>	<u>1,080,971</u>
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4(d)	(1,758,311)	(3,194,078)	-	-
Addition to development expenditure		(78,055,362)	(26,606,375)	-	-
Proceeds from disposal of property, plant and equipment		747,5523	430,198	-	-
Pledged deposit with a licensed bank		(584)	(562)	-	-
Net cash used in investing activities		<u>(79,066,704)</u>	<u>(29,370,817)</u>	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities					
Dividends paid		-	(1,175,172)	-	(1,070,000)
Net changes in bankers' acceptance		(1,352,637)	(2,907,354)	-	-
Repayment of finance lease liabilities		(80,632)	(829,676)	-	-
Repayment of term loans		(526,016)	(282,309)	-	-
Net cash used in financing activities		<u>(1,959,285)</u>	<u>(5,194,511)</u>	<u>-</u>	<u>(1,070,000)</u>
Net increase/(decrease) in cash and cash equivalents		969,528	542,493	(19,292)	10,971
Effect of exchange rate fluctuation		(66,262)	(20,121)	-	-
Cash and cash equivalents at beginning of the financial year		(5,309,052)	(5,831,424)	23,764	12,793
Cash and cash equivalents at end of the financial year		<u>(4,405,786)</u>	<u>(5,309,052)</u>	<u>4,472</u>	<u>23,764</u>
Cash and cash equivalents at end of the financial year comprise:					
Cash and bank balances		3,491,373	2,992,535	4,472	23,764
Fixed deposits with a licensed bank		19,515	18,931	-	-
Bank overdrafts		(7,897,159)	(8,301,587)	-	-
		(4,386,271)	(5,290,121)	4,472	23,764
Less: Fixed deposit pledged with a licensed bank		(19,515)	(18,931)	-	-
		<u>(4,405,786)</u>	<u>(5,309,052)</u>	<u>4,472</u>	<u>23,764</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

1. Corporate Information

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 principal place of business of the Company is located at PT 3477, Jalan 6/1, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor Darul Ehsan.

The registered office of the Company is located at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 5. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012–2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt above MFRSs when they become effective.

The initial application of the abovementioned MFRSs is not expected to have any significant impacts of the financial statements of the Group and of the Company except as mentioned below:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)

MFRS 9 (IFRS 9 issued by IASB in July 2015) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

The Directors of the Company will assess the impact of the application of MFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of MFRS 16 until the Group performs a detailed review.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Deferred expenditures

Deferred expenditures includes incidental costs incurred in providing development proposal, various research and feasibility study reports to the relevant authorities in relation to the development of the thermal power plant in Vietnam. The application of the Group's accounting policy for deferred expenditure requires judgement in determining whether it is likely that future economic benefits will flow to the Group. The Directors considered the recoverability of the deferred expenditures arising from the ultimate outcome of the project and the Directors are confident of the successful outcome of the project based on progress achieved. The carrying amount at the reporting date for deferred expenditure is disclosed in Note 8.

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 reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 7.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 10, 11 and 12 respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiary companies*

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

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

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on Consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(b) Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 April 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i).

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(i) **Recognition and measurement**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) **Depreciation**

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Capital work-in-progress are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Leasehold land and buildings	Over the remaining lease periods
Plant, machinery and equipment	6.5 – 20%
Motor vehicles	20%
Office equipment	10 – 50%
Furniture and fittings, renovation, signboard	10 – 20%

The residual values, useful lives and depreciation method are reviewed at each financial period end 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 property, plant and equipment.

(e) **Deferred expenditures**

Deferred expenditures are expenditures incurred in securing the proposed development project of the thermal power plant in Vietnam that includes costs incurred in consultancy services, presentation and provision of various research and feasibility study reports to the relevant authorities. The deferred expenditures are capitalised and deferred when the project is commercially viable prospects to the Group and the management are confident of the successful outcome of the project based on progress achieved. Costs not directly attributable to the project, including general administrative overhead costs, are expensed in the year in which they occur.

When the project is deemed to no longer viable or when no future economic benefits are expected from the project, the deferred expenditures are deemed to be impaired. As a result, those expenditure, in excess of estimated recoveries, if any, shall be recognised as an expense immediately.

(f) **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 fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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.

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

(ii) Operating leases

Leases, where the Group or the Company does 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 and measured using fair value model.

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.

(g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(h) Financial liabilities

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

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

The Group and the Company classify its financial liabilities at initial recognition, into the following categories:

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(i) **Other financial liabilities measured at amortised cost**

The Group's and the Company's other financial liabilities comprise trade and other payables, amount owing to Directors and loans and borrowings.

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

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

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

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

(i) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal 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.

(j) **Inventories**

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material is determined on weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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.

(k) **Cash and cash equivalents**

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

(l) **Impairment of assets**

(i) **Non-financial assets**

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and associate company, 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(m) Share capital

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(n) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue

(i) Sale of goods

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

(ii) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(iii) Dividend income

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

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(vi) Management fee

Management fee is recognised on accrual basis when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(q) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) **Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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 for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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.

(s) **Segments reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments 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.

(t) **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 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 31 MARCH 2016
4. Property, Plant and Equipment

Group 2016 At cost	Freehold land and buildings RM	Leasehold land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings, renovation and signboard RM	Capital work-in- progress RM	Total RM
At 1 April 2015	7,804,098	17,170,279	21,824,618	1,181,698	2,336,104	4,444,093	7,301,077	62,061,967
Additions	503,979	-	217,847	-	88,615	47,271	1,797,099	2,654,811
Disposals	-	-	(1,122,750)	(56,688)	(406,038)	(641,044)	-	(2,226,520)
Transfer	9,098,176	-	-	-	-	-	(9,098,176)	-
"Effects of movement in exchange rate"	-	-	(31,122)	-	(3,045)	(13,348)	-	(47,515)
At 31 March 2016	17,406,253	17,170,279	20,888,593	1,125,010	2,015,636	3,836,972	-	62,442,743
Accumulated depreciation								
At 1 April 2015	360,924	3,165,848	16,291,528	911,663	2,016,401	3,330,549	-	26,076,913
Charge for the financial year	30,734	297,615	1,229,245	98,247	119,002	232,757	-	2,007,600
Disposals	-	-	(648,943)	(56,688)	(396,208)	(598,558)	-	(1,700,397)
"Effects of movement in exchange rate"	-	-	(6,261)	-	(872)	(15,966)	-	(23,099)
At 31 March 2016	391,658	3,463,463	16,865,569	953,222	1,738,323	2,948,782	-	26,361,017
Carrying amount								
At 31 March 2016	17,014,595	13,706,816	4,023,024	171,788	277,313	888,190	-	36,081,726

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

4. Property, Plant and Equipment

Group 2015 At cost	Freehold land and buildings RM	Leasehold land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings, renovation and signboard RM	Capital work-in-progress RM	Total RM
At 1 April 2015	7,804,098	17,170,279	24,266,478	1,161,070	2,282,420	3,444,141	-	56,128,486
Additions	-	-	940,393	62,170	181,535	1,044,503	7,301,077	9,529,678
Disposals	-	-	(3,382,253)	(41,542)	(127,851)	(44,551)	-	(3,596,197)
At 31 March 2015	7,804,098	17,170,279	21,824,618	1,181,698	2,336,104	4,444,093	7,301,077	62,061,967
Accumulated depreciation								
At 1 April 2014	332,093	2,868,232	17,765,991	854,105	1,911,402	2,433,630	-	26,165,453
Charge for the financial year	28,831	297,616	1,440,620	99,100	229,584	936,461	-	3,032,212
Disposals	-	-	(2,915,083)	(41,542)	(124,585)	(39,542)	-	(3,120,752)
At 31 March 2015	360,924	3,165,848	16,291,528	911,663	2,016,401	3,330,549	-	26,076,913
Accumulated impairment loss								
At 1 April 2014	95,164	-	-	-	-	-	-	95,164
Reversal during the financial year	(95,164)	-	-	-	-	-	-	(95,164)
At 31 March 2015	-	-	-	-	-	-	-	-
Carrying amount								
At 31 March 2015	7,443,174	14,004,431	5,533,090	270,035	319,703	1,113,544	7,301,077	35,985,054

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

4. Property, Plant and Equipment (Cont'd)

- (a) The carrying amount of property, plant and equipment of the Group pledged as securities to licensed banks for banking facilities granted to certain subsidiary companies as disclosed in Note 17 are as follows:

	Group	
	2016 RM	2015 RM
Freehold land and buildings	16,514,597	6,761,988
Leasehold land and buildings	13,252,487	13,537,958
Capital work-in-progress	-	7,301,077
	29,767,082	27,601,023

- (b) The carrying amount of property, plant and equipment of the Group acquired under finance lease arrangement is as follows:

	Group	
	2016 RM	2015 RM
Motor vehicles	142,794	267,258

- (c) The remaining lease term of the leasehold land and buildings of the Group range from 59 to 83 (2015: 60 to 84) years.
- (d) The aggregate additional cost for the property, plant and equipment of the Group under term loans financing, finance lease financing and cash payments are as follows:

	Group	
	2016 RM	2015 RM
Aggregate costs	2,654,811	9,529,678
Less: Term loans financing	(896,500)	(6,279,800)
Less: Finance lease financing	-	(55,800)
Cash payment	1,758,311	3,194,078

- (e) The capital work-in-progress is in respect of the costs incurred on infrastructure work and freehold land acquired by the certain subsidiary companies. The construction has been completed during the financial year. The purchase of the freehold land was financed by term loans facility from licensed banks. The amount of borrowing costs capitalised during the financial year was RM96,962 (2015: RM37,227).

5. Investment in Subsidiary Companies

	Group	
In Malaysia: At cost	2016 RM	2015 RM
Unquoted share	31,611,684	31,611,684

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2016 %	2015 %	
Direct subsidiary				
*Toyo Ink Sdn. Bhd. ("TISB")	Malaysia	100	100	Investment holding and ink manufacturer and undertake investment, implementation and operating of power plant business.
Subsidiary companies of TISB				
Toyo Photo Products Sdn. Bhd.	Malaysia	100	100	Dealers of graphic art, films, chemicals, machineries and equipment for lithography and allied industries.
Toyo Dai-Nichi Ink Sdn. Bhd.	Malaysia	60	60	Manufacturers and dealers of printing ink and other printing materials.
Toyo Ink (Perak) Sdn. Bhd.	Malaysia	100	100	Suppliers, distributors and dealers of printing ink, colour pigment, colourants for plastic and other printing materials.
Toyo Ink (Penang) Sdn. Bhd.	Malaysia	100	100	Suppliers, distributors and dealers of printing ink, colour pigment, colourants for plastic and other printing materials.
Toyo Ink (Melaka) Sdn. Bhd.	Malaysia	100	100	Suppliers, distributors and dealers of printing ink, colour pigment, colourants for plastic and other printing materials.
• EDM-Tools (M) Sdn. Bhd. ("ETSB")	Malaysia	100	100	Sales and distributions of electrical discharge machining tools.
• Elo Dunia Manufacturing (M) Sdn. Bhd. ("EDMSB")	Malaysia	100	100	Manufacturing and fabrication of metal and graphite parts.
• INMAC EDM-Tools (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of EDM cut-wire.
• EDM-Tools (Penang) Sdn. Bhd.	Malaysia	100	100	Dealers of all kinds of engineering and aviation equipment, accessories and attachments.
Subsidiary companies of EDMSB				
Toyo Laser Technology Sdn. Bhd.	Malaysia	100	100	Sales and distributions of machinery and machine parts.
^ PT Elo Dunia Manufacturing Indonesia ("PT EDMI")	Republic of Indonesia	51	51	CNC machining of Graphite EDM Electrodes, Copper EDM Electrodes, selling graphite materials and 3D profile metal components.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2016 %	2015 %	
Subsidiary company of ETSB				
[^] EDM-Tools (S) Pte. Ltd. ("ETSPL")	Republic of Singapore	100	100	Sales and distributions of electrical discharge machining tools.

* The auditors' report of TISB contain an emphasis of matter to draw attention as disclosed in Note 8 to the financial statements which explains the circumstances and consideration the Directors have taken into account in preparing the financial statements.

• The shares held in these subsidiary companies are pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 17 and registered in the name of Amsec Nominees (Tempatan) Sdn. Bhd.

[^] Subsidiary companies not audited by UHY.

(a) On 31 March 2016, the Company announced that a subsidiary company of the Company, Toyo Ink Sdn. Bhd., entered into an agreement with minority shareholder of its 60% owned subsidiary company, Toyo Dai-Nichi Ink Sdn. Bhd. ("TDISB") to cease the business operations of TDISB. The decision is consistent with the Group's strategy to focus on the profitable business and to divest subsidiary companies which have been consistently underperforming over the years.

TDISB is principally engaged in the manufacturers and dealers in printing ink and other printing materials, and is reported in manufacturing segment. The cessation will take place in the next financial year and involve ceasing all business activities, the disposal of the assets and settlement of the liabilities of TDISB.

The financial impact of TDISB to the Group in respect of its financial position, financial performance and cash flows is disclosed in Note 5(b).

(b) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2016 %	2015 %	2016 RM	2015 RM	2016 RM	2015 RM
"Toyo Dai-Nichi Ink Sdn. Bhd. ("TDISB")"	40	40	(424,616)	(322,630)	1,491,026	1,915,642
"PT Elo Dunia Manufacturing Indonesia ("PTEDMI")"	49	49	(226,304)	55,042	1,499,464	1,725,768
					<u>2,990,490</u>	<u>3,641,410</u>

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(i) Summarised statements of financial position

	TDISB		PTEDMI	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-current assets	1,898,796	2,072,037	1,774,991	2,041,103
Current assets	5,590,829	6,148,161	1,871,792	2,297,176
Non-current liabilities	-	(133,650)	-	(8,054)
Current liabilities	(3,889,907)	(3,425,291)	(447,905)	(701,926)
Net assets	<u>3,599,718</u>	<u>4,661,257</u>	<u>3,198,878</u>	<u>3,628,299</u>

(ii) Summarised statements of profit or loss and other comprehensive income

	TDISB		PTEDMI	
	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	5,766,935	5,773,441	1,690,499	2,858,909
(Loss)/Profit for the financial year	(1,061,539)	(806,574)	(461,845)	112,330
Other comprehensive (loss)/ income for the financial year	-	-	-	-
Total comprehensive (loss)/income for the financial year	<u>(1,061,539)</u>	<u>(806,574)</u>	<u>(461,845)</u>	<u>112,330</u>

(iii) Summarised statements of cash flows

	TDISB		PTEDMI	
	2016 RM	2015 RM	2016 RM	2015 RM
Net cash from/(used in) operating activities"	103,967	(486,564)	89,996	212,218
Net cash from/(used in) investing activities"	-	87,519	28,843	(8,661)
Net cash (used in)/from financing activities"	(386,000)	214,000	-	(300,922)
Net (decrease)/ increase in cash and cash equivalents"	<u>(282,033)</u>	<u>(185,045)</u>	<u>118,839</u>	<u>(97,365)</u>

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

6. Investment in an Associate Company

	Group	
	2016 RM	2015 RM
At cost		
Unquoted shares outside Malaysia	309,751	309,751
Share of post-acquisition results	(50,068)	(46,902)
Adjustment for exchange gain arising on year end translation of investment in foreign associated company	218,462	218,462
	478,145	481,311
Represented by:		
Share of net assets of associated company	525,639	528,805
Discount on acquisition	(47,494)	(47,494)
	478,145	481,311

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interests		Principal activities
		2016 %	2015 %	
^ Toyo Color Pte. Ltd.	Republic of Singapore	50	50	Dealers, importers and exporters of printing ink and graphic products.

^ Associate company not audited by UHY.

The summarised financial information represents the amounts in the MFRS financial statements of the associate company and not the Group's share of those amounts.

(a) Summarised statements of financial position

	2016 RM	2015 RM
Non-current assets	1,072,508	1,072,508
Current assets	6,019	12,141
Current liabilities	(27,249)	(27,039)
Net assets	1,051,278	1,057,610

(b) Summarised statements of financial position

	2016 RM	2015 RM
Interest in associate company	50%	50%
Group's share of net assets	525,639	528,805
Discount on acquisition	(47,494)	(47,494)
Carrying value of Group's interest in an associate company	478,145	481,311

(c) Summarised statements of profit or loss and other comprehensive income

	2016 RM	2015 RM
Loss for the financial year, representing total comprehensive loss for the financial year	(6,331)	(871)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

7. Goodwill on Consolidation

	2016 RM	2015 RM
At 1 April/31 March	<u>17,496,312</u>	<u>17,496,312</u>

The goodwill on consolidation mainly arose from the acquisition of the following subsidiary companies:

- (i) EDM-Tools (M) Sdn. Bhd.
- (ii) Elo Dunia Manufacturing (M) Sdn. Bhd.
- (iii) Inmac EDM-Tools (M) Sdn. Bhd.
- (iv) EDM-Tools (Penang) Sdn. Bhd.

The amount of goodwill initially recognised is dependent upon the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

The carrying amount of the goodwill was assessed for impairment on an annual basis. The recoverable amount of the goodwill is determined based on the assessment of the value in use. The recoverable amount is higher than the carrying amount of the investments in the subsidiaries, and accordingly, an allowance for impairment loss is not recognised.

The recoverable amount was determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

The key assumptions used for each of the cash-generating unit's value-in-use calculations are as follows:

	Group	
	2016 %	2015 %
Gross margin	21 - 28	7 - 30
Growth rate	8 - 10	3 - 21
Discount rate	<u>6</u>	<u>6</u>

Terminal value

Terminal value was imputed in the computation of the 5-years cash flow forecast. The terminal value is calculated based on the cash flows at the end of the fifth year with a growth rate of 1 %.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the cash-generating units to materially exceed their recoverable amounts.

Sensitivity to changes in assumption

The following provides sensitivities related to the significant estimates and assumptions as notes above:

- (i) a 5% decrease in the gross margin would result in a RM17 million increase in the impairment charges;
- (ii) a 5% decrease in the growth rate would result in a RM1.8 million increase in the impairment charges;

8. Deferred Expenditures

	Group	
	2016 RM	2015 RM
At 1 April	150,776,159	124,169,784
Addition	78,055,362	26,606,375
At 31 March	<u>228,831,521</u>	<u>150,776,159</u>

The deferred expenditures represent expenditure and incidental costs incurred for the development of the 2 units of 1000MW Song Hau 2 Thermo Power Plant in the province of Hau Giang, Vietnam ("the Project").

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

8. Deferred Expenditures (cont'd)

The payments of the development expenditure was majorly financed by the advances received from other payables of RM152,345,600 (2015: RM71,090,600) as disclosed in Note 20.

The Company had intended to venture into Vietnam's power plant project since calendar year 2007.

On 9 April 2007, an initial site was selected in Thai Hoa Industrial Park, Binh Duong Province for building a gas fired power plant installation. However, the supply of gas to the region was not in the overall development plans of the Vietnam Government in the immediate future.

Working along with the local authorities and consulting companies from calendar year 2007 to 2009, the Company proposed to develop coal fired power plant using imported coal at various potential sites namely Binh Thuan Province, Kien Giang Province, Tra Vinh Province and Hau Giang Province in the South of Vietnam with scale of 2 x 600MW. The Details Study Reports had been submitted to all authorities of the above said provinces during the years.

On 28 December 2009, the Company was called for a meeting in Vietnam to make a presentation to the Vietnamese authorities on the proposed investment project of building a coal-fired thermoelectric plant in Duyen Hai 3, Tra Vinh Province, Vietnam. The authority of Tra Vinh Province had made proposals to the Vietnamese Ministry of Industry and Trade ("MOIT") and Office of the Government for the Company to invest in Duyen Hai 3 Thermo-electric plant.

After preliminary study and assessment of the availability on existing infrastructure, Hau Giang Province was determined to be the most suitable site and the Company decided to propose the independent power plant investment with output capacity of 2 x 1000 MW at Hau Giang Province in year 2010.

Further to the meeting between the Company and the Provincial People's Committee of Hau Giang Province, Vietnam for the presentation of the Company's proposed investment project for the Project, the Company announced that it had received notification as follows:

- a. The People's Committee of Hau Giang Province, Vietnam, has agreed in principle to the Company's proposed investment project for building of the Project at Song Hau Power Complex, Hau Giang Province.
- b. The People's Committee of Hau Giang Province, Vietnam, has submitted to the Prime Minister an official letter dated 20 April 2011 seeking approval of the Company's proposed investment in the Thermo Power Plant Project with the following comments:
 - The planning of Song Hau Power Complex, Hau Giang Province, has been approved by the Ministry of Industry and Trade, with the land use scale of 360 hectares, power of 5,200MW, containing 3 projects: Song Hau 1 Thermo Power Plant Project, capacity of 2 X 600MW; Song Hau 2 and 3 Thermo Power Plants Projects, capacity of 2 x 1,000MW. Petrovietnam ("PVN") has been assigned to play the role of investor of Song Hau 1 Thermo Power Plant Project and general infrastructure of Song Hau Power Complex by the Vietnamese Government.
 - The proposed investment in the project of the Company is in line with the planning of Song Hau Power Complex which has been approved by the MOIT at the Decision No. 6722/QD-BCT dated 23 December 2008 and it is suitable to present remarkable power use demand of Mekong Delta in particular and the entire country in general. In addition, the geographical location of Song Hau Power Complex is advantageous for coal transport from other area to serve the operation of the plants. In principle, the People's Committee of Hau Giang Province hereby agrees to let the Company invest and construct the Project at Song Hau Power Complex, Hau Giang Province.

On 7 December 2011, the Company had received notification from the office of Government of the Socialist Republic of Vietnam to the MOIT, People's Committee of Hau Giang Province, that the Deputy Prime Minister, Mr. Huang Trung Hai, has agreed to let the Group to conduct research and development of the Project, with output capacity of 2 X 1000 MW at Song Hau Power Complex, Hau Giang Province.

On 11 January 2012, the Company had entered into a contract to appoint Power Engineering Consulting Joint Stock Company 2 ("PECC2") as the Consultant to provide consultancy services for the Feasibility Study Package in relation to the development of the Project at a fee of USD1,836,750.

On 1 October 2012, the Company had submitted feasibility study report that consists of geological, topographical and hydro-meteorological investigation as well as general layout of the Project, at an estimated investment of USD3.5 billion, to MOIT and other relevant Vietnamese Ministries.

The Company also appointed Institute of Energy of Vietnam as the Consultant to provide appraisal work for feasibility study report of the Project.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

8. Deferred Expenditures (cont'd)

On 18 October 2012, the Company had made an official request to Government of Vietnam and MOLT for designation of the Project as Build-Operate-Transfer (“BOT”) project and the Company had received the Vietnam Government’s approval to be the project investor of the Project under BOT basis via an official letter dated 22 March 2013.

On 11 June 2013, the Company signed a contract with Messrs Orrick, Herrington & Sutcliffe (“Orrick”) and its associated Vietnam-licenced law firm, LVN & Associates to provide legal services to the Company in connection with its role as the project investor of the Project subject to the terms and conditions and scope of work contained in their letter of engagement dated 29 May 2013.

Under the terms of engagement, the work scope of services provided by Orrick will include, amongst others, the following:

- i) preparation of initial documents such as Memorandum of Understanding (“MOU”) with the Ministry of Industry and Trade, Project Agreements, Built-Operate-Transfer Contract, Power Purchase Agreement, Fuel Supply Agreements, Land Lease Agreement, Government Guarantee, Financing Plan, Engineering Procurement and Construction Contract;
- ii) completion of negotiation, execution and signing of the Project documents; and
- iii) negotiation, completion and execution of the financing documents including the loan agreement and security agreement, satisfaction of conditions to borrowing and drawdown under the financing documents in connection with the Project.

On 1 August 2013, the Company signed a MOU with the MOIT for the development of the Project on a BOT basis.

Further to the MOU signed on 1 August 2013, the MOIT had given approval on 18 February 2014 to the Company’s Feasibility Study Report of Works Construction Investment Project of the Project.

On 5 June 2014, the Company had executed a Principles of Project Agreements with the MOIT, which sets out the general principles for negotiation and finalisation of the project documents in relation to the Project.

On 25 July 2015, the Company had entered into a contract to with Phu My Vinh (“PMV”) as the Consultant to provide consultancy services in relation to the development of the Project at a fee of USD35 million.

The management is currently in the midst of negotiations for the BOT Agreement, Power Purchase Agreement and Coal Supply Agreement as well as the other project agreements with the respective authorities and government agencies of Vietnam.

The Company is also exploring various investments and funding options to undertake the project. The Board of Directors is of the opinion that the signing of all the relevant agreements is expected to be completed within the next 12 months.

The construction of the Project is expected to take forty eight (48) to sixty (60) months and is estimated to commence operations by 2019/2020. At this juncture, the Company is unable to provide any financial effects on the Project as its prospect would hinge on the outcome of the negotiation of the Power Purchase Agreement (“PPA”) which would include the terms of the engagement, tenure of the agreement as well as the exact funding requirements of the Project.

The ultimate outcome of the Project is dependent on the issuance of the Investment Certificate to incorporate a Vietnam registered company and signing of the BOT agreement, Coal Supply agreement, Land Lease Agreement, PPA and other relevant agreements with the respective authorities and government agencies of Vietnam.

While recognising the risks involved, the Board of Directors is confident of the successful outcome of the Project. The Directors of the Company are also of the opinion that no impairment is required as the Project will enhance the future profitability and improve the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

9. Inventories

	Group	
	2016 RM	2015 RM
Raw materials	4,158,460	4,750,483
Finished goods	7,146,598	4,346,229
Goods in transit	105,428	58,067
Trading merchandise	2,232,371	3,841,278
	<u>13,642,857</u>	<u>12,996,057</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	55,281,620	54,693,317
Inventories written off	<u>97,313</u>	<u>19,093</u>

10. Trade Receivables

	Group	
	2016 RM	2015 RM
Trade receivables	20,208,357	18,612,117
Less: Accumulated impairment losses	(17,650)	(73,153)
	<u>20,190,707</u>	<u>18,538,964</u>

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2015: 30 to 150 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2016 RM	2015 RM
At 1 April	73,153	337,884
Impairment losses recognised	17,650	-
Impairment losses reversed	-	(177,598)
Amount written off	(73,153)	(87,133)
At 31 March	<u>17,650</u>	<u>73,153</u>

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	7,742,814	7,151,392
Past due not impaired:		
Less than 30 days	4,127,851	4,124,506
31 to 60 days	3,884,379	3,273,070
61 to 90 days	3,282,545	1,894,021
91 to 120 days	938,610	1,566,649
More than 120 days	214,508	529,326
	<u>12,447,893</u>	<u>11,387,572</u>
	20,190,707	18,538,964
Impaired	17,650	73,153
	<u>20,208,357</u>	<u>18,612,117</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

10. Trade Receivables (cont'd)

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 March 2016, trade receivables of RM12,447,893 (2015: RM11,387,572) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM17,650 (2015: RM73,153) related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

11. Other Receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	1,142,073	330,870	-	-
Deposits	226,070	1,225,014	-	-
Prepayments	109,026	1,603,936	3,788	5,000
	<u>1,477,169</u>	<u>3,159,820</u>	<u>3,788</u>	<u>5,000</u>

Included in the previous financial year's deposits was an amount of RM974,000 paid for the acquisition of freehold land. The amount has been transferred to property, plant and equipment upon the acquisition was completed during the financial year.

12. Amount Owing by a Subsidiary Company

This represents unsecured, interest free advances and is repayable on demand.

13. Fixed Deposit with a Licensed Bank

The fixed deposit is pledged with a licensed bank as security for bank guarantee issued.

The interest rate of deposit is 2.90% (2015: 2.90%) per annum and the maturity of the deposit is 30 days (2015: 30 days).

14. Share Capital

	Group and Company			
	Number of shares		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Ordinary shares of RM1.00 each				
Authorised				
At 1 April/31 March	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Issued and fully paid				
Ordinary shares	107,000,000	107,000,000	107,000,000	107,000,000
Less: Allocation of proceeds to warrant reserve (Note 15)	-	-	(8,132,000)	(8,132,000)
At 1 April/31 March	<u>107,000,000</u>	<u>107,000,000</u>	<u>98,868,000</u>	<u>98,868,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

15. Reserves

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable				
Translation reserve	156,236	136,832	-	-
Warrant reserve	8,132,000	8,132,000	8,132,000	8,132,000
Accumulated losses	-	-	(355,689)	(40,364)
	<u>8,288,236</u>	<u>8,268,832</u>	<u>7,776,311</u>	<u>8,091,636</u>
Distributable				
Retained profits	16,788,430	15,315,397	-	-
	<u>25,076,666</u>	<u>23,584,229</u>	<u>7,776,311</u>	<u>8,091,636</u>

The nature of reserves of the Group and of the Company is as follows:

(a) Translation reserve

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Warrant reserve

The Warrants which are issued with the Rights Shares are immediately detached upon issuance and are separately traded.

The Warrants are constituted by the deed poll dated 3 January 2013 ("Deed Poll").

Fair values from the issuance of Warrants are credited to warrant reserve which is non-distributable. In arriving at the related fair values, the fair values of the Rights Shares and Warrants were proportionately adjusted to the issue price of RM1.20 per Rights Shares.

When the Warrants are exercised or expired, the warrant reserve will be reversed, to the extent that such exercise of warrants is of significant quantity.

Salient features of the Warrants are as follows:

- (i) Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.50 during the 5-year period expiring on 22 April 2018 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;
- (ii) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose;
- (iii) The new shares to be issued upon the exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares to be issued pursuant to the exercise of the warrants;
- (iv) For purpose of trading on Main Market of Bursa Securities, a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time; and
- (v) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws and regulations of Malaysia.

As of 31 March 2016, 42,800,000 Warrants remained unexercised.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

16. Finance Lease Liabilities

	Group	
	2016 RM	2015 RM
Minimum lease payments		
Within one year	60,855	90,233
Between one to two years	25,896	73,776
Between two to five years	49,417	62,392
	<u>136,168</u>	<u>226,401</u>
Less: Future interest charges	(12,935)	(22,536)
Present value of minimum lease payments	<u>123,233</u>	<u>203,865</u>
 Present value of minimum lease payments		
Within one year	54,743	80,694
Between one to two years	22,689	53,626
Between two to five years	45,801	69,545
	<u>123,233</u>	<u>203,865</u>
 Analysed as:		
Repayable within twelve months	54,743	81,678
Repayable after twelve months	68,490	122,187
	<u>123,233</u>	<u>203,865</u>

The finance lease liabilities bear interest at rates ranging from 2.70% to 3.30% (2015: 2.70% to 3.30%) per annum.

17. Bank Borrowings

	Group	
	2016 RM	2015 RM
Secured		
Bankers' acceptance	10,223,929	9,760,566
Bank overdrafts	7,897,159	4,881,754
Term loans	8,902,764	8,532,280
	<u>27,023,852</u>	<u>23,174,600</u>
Unsecured		
Bankers' acceptance	-	1,816,000
Bank overdrafts	-	3,415,974
	<u>-</u>	<u>5,231,974</u>
	<u>27,023,852</u>	<u>28,406,574</u>
 Non-current		
Term loans	<u>8,497,324</u>	<u>8,120,532</u>
 Current		
Bankers' acceptance	10,223,929	11,576,566
Bank overdrafts	7,897,159	8,297,728
Term loans	405,440	411,748
	<u>18,526,528</u>	<u>20,286,042</u>
	<u>27,023,852</u>	<u>28,406,574</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

The above banking facilities obtained from licensed banks are secured by the following:

- (a) Legal charges over the freehold and leasehold land and buildings of certain subsidiary companies.
- (b) Negative pledge by a subsidiary company.
- (c) Execution of the General Security Agreement Relating to Assets.
- (d) Legal charge over the ordinary share of RM1.00 each in the share capital of certain subsidiary companies by way of Memorandum of Deposit of Shares and a Power of Attorney.
- (e) Corporate guaranteed by the Company.

The average effective interest rates of the borrowings range 5.00 to 6.10 (2015: 5.00 to 6.10) percent per annum.

18. Deferred Tax Liabilities

	Group	
	2016 RM	2015 RM
At 1 April	1,594,774	1,950,041
Recognised in profit or loss (Note 25)	(385,862)	(355,267)
At 31 March	1,208,912	1,594,774

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2016 RM	2015 RM
Deferred tax liabilities	1,353,816	1,632,887
Deferred tax assets	(144,904)	(38,113)
	1,208,912	1,594,774

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 April 2015	1,632,887
Recognised in profit or loss	(279,071)
At 31 March 2016	1,353,816
At 1 April 2014	2,046,731
Recognised in profit or loss	(413,844)
At 31 March 2015	1,632,887

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Provisions RM	Total RM
Deferred tax assets				
At 1 April 2015	(14,384)	(8,554)	(15,175)	(38,113)
Recognised in profit or loss	13,182	8,554	(128,527)	(106,791)
At 31 March 2016	(1,202)	-	(143,702)	(144,904)
At 1 April 2014	(31,839)	(66,547)	-	(98,386)
Recognised in profit or loss	17,455	57,993	(15,175)	60,273
At 31 March 2015	(14,384)	(8,554)	(15,175)	(38,113)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

18. Deferred Tax Liabilities (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 RM	2015 RM
Unabsorbed capital allowances	635,200	592,700
Unutilised tax losses	2,663,500	1,786,600
Provisions	123,300	-
	<u>3,422,000</u>	<u>2,379,300</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

19. Trade Payables

The normal trade credit terms granted to the Group range from 60 to 150 days (2015: 60 to 150 days).

20. Other Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	155,311,738	72,455,823	14,580	14,580
Accruals	845,028	622,690	67,641	81,721
Provision for termination benefit	600,000	-	-	-
Deposits	31,029	29,265	-	-
	<u>156,787,795</u>	<u>73,107,778</u>	<u>82,221</u>	<u>96,301</u>

- i) Included in other payables is an amount of RM152,345,600 (2015: RM71,090,600) due to the companies in which major shareholders of the Company have substantial financial interests. This represents advances received for the funding Power Plant Project in Vietnam as disclosed in Note 8.
- ii) The provision for termination benefit is expected to be used during 2017.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

21. Amount Owing to Directors

This represents unsecured, interest free and is repayable on demand.

22. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of goods	81,740,840	81,764,296	-	-
Management fee	-	-	240,000	240,000
Dividend income from subsidiary companies	-	-	-	150,000
	<u>81,740,840</u>	<u>81,764,296</u>	<u>240,000</u>	<u>390,000</u>

23. Finance Costs

	Group	
	2016 RM	2015 RM
Interest expenses on:		
Finance lease liabilities	9,601	34,135
Term loans	508,444	185,231
Bank overdraft	427,514	797,265
Banker acceptance	440,646	567,086
Others	<u>273,969</u>	<u>27,490</u>
	1,660,174	1,611,207
Less: Term loans interest capitalised in capital work-in-progress	(96,962)	(37,227)
	<u>1,563,212</u>	<u>1,573,980</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

24. Profit/(Loss) Before Tax

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Continuing operations				
Auditors' remuneration				
- statutory audit:				
- current year	159,799	153,510	32,500	20,000
- under provision in prior year	6,704	-	5,750	-
- non-statutory audit	10,000	-	10,000	-
Bad debts written off	4,164	19,486	-	-
Depreciation of property, plant and equipment	2,007,600	3,032,212	-	-
Non-Executive Directors' remuneration:				
- fees	103,336	103,336	58,336	58,336
- salaries and other emoluments	92,000	115,000	50,000	50,000
Impairment loss on trade receivables	17,650	73,153	-	-
Inventories written off	97,313	19,093	-	-
Loss on foreign exchange				
- realised	603,299	226,963	-	-
- unrealised	143,126	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(273,743)	32,220	-	-
Plant and equipment written off	52,313	236,443	-	-
Rental of premises	158,826	200,493	-	-
Rental of vehicles	31,185	78,309	-	-
Dividend income from subsidiary companies	-	-	-	(150,000)
Gain on foreign exchange				
- unrealised	-	(30,650)	-	-
Grant received	-	(506,350)	-	-
Interest income	(2,499)	(10,583)	-	-
Management fee	-	-	(240,000)	(240,000)
Reversal of impairment loss on property, plant and equipment	-	(95,164)	-	-
Reversal of impairment loss on trade receivables	-	(177,598)	-	-

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

25. Taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses recognised in profit or loss:				
Current tax				
Current tax provision	1,165,887	1,378,750	30,000	21,600
(Over)/Under provision in prior year	(95,080)	(110,341)	2,959	37,470
Real property gain tax	-	28,514	-	-
	<u>1,070,807</u>	<u>1,296,923</u>	<u>32,959</u>	<u>59,070</u>
Deferred tax				
Origination and reversal of temporary differences	(136,215)	(111,736)	-	-
Over provision in prior year	(249,647)	(243,531)	-	-
	<u>(385,862)</u>	<u>(355,267)</u>	<u>-</u>	<u>-</u>
Tax expenses for the financial year	<u>684,945</u>	<u>941,656</u>	<u>32,959</u>	<u>59,070</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	<u>1,523,274</u>	<u>2,366,967</u>	<u>(282,366)</u>	<u>48,734</u>
At Malaysian statutory tax rate of 24% (2015: 25%)	365,586	591,742	(67,768)	12,184
Expenses not deductible for tax purposes	620,411	1,036,220	97,768	46,916
Double deduction	(8,256)	-	-	-
Income not subject to tax	(47,540)	(575,480)	-	(37,500)
Deferred tax assets not recognised	250,292	399,494	-	-
Effect of changes in tax rates on opening balance of deferred tax	-	(19,267)	-	-
Different tax rate in foreign jurisdiction	(4,304)	6,805	-	-
Tax incentives	(146,517)	(172,500)	-	-
Real property gain tax	-	28,514	-	-
(Over)/Under provision of income tax expense in prior years	(95,080)	(110,341)	2,959	37,470
Over provision of deferred tax in prior year	<u>(249,647)</u>	<u>(243,531)</u>	<u>-</u>	<u>-</u>
Tax expense for the final year	<u>684,945</u>	<u>941,656</u>	<u>32,959</u>	<u>59,070</u>

The Group has unabsorbed capital allowances and unutilised tax losses of RM640,000 (2015: RM652,600) and RM2,663,500 (2015: RM1,822,200) respectively to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

26. Earnings Per Share

(a) Basic earnings/(loss) per shares

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016 RM	2015 RM
Profit/(Loss) attributable to owners of the parent	1,473,033	1,692,900
Weighted average number of ordinary shares in issue (unit)	107,000,000	107,000,000
Basic earnings/(loss) per ordinary shares (in sen)	1.38	1.58

(b) Diluted earnings/(loss) per share

The Group has no dilution in their earnings/(loss) per ordinary share as the exercise price of the outstanding warrants has exceeded the average market price of ordinary shares during the financial year, the options do not have any dilutive effect on the weighted average number of ordinary shares.

27. Staff Costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages and other emoluments	10,021,680	9,095,043	-	-
Defined contribution plans	1,051,658	1,036,315	-	-
	11,073,338	10,131,358	-	-

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors				
Fees	93,105	104,584	14,584	14,584
Salaries and other emoluments	858,409	747,960	3,750	3,750
Defined contribution plans	38,214	33,828	-	-
	989,728	886,372	18,334	18,334

28. Related Party Disclosures

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

28. Related Party Disclosures (cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed in Notes 12 and 20, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	2016 RM	2015 RM
Transactions between a subsidiary company and a Company in which one of the Directors has substantial financial interest"		
Technical fees received	-	450,000

	Company	
	2016 RM	2015 RM
Transactions with subsidiary company		
Management fee received	240,000	240,000
Dividend received	-	150,000
	<u>240,000</u>	<u>390,000</u>

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, fees and other emoluments	1,146,850	1,070,880	122,920	122,920
Defined contribution plan	38,214	33,828	-	-
	<u>1,185,064</u>	<u>1,104,708</u>	<u>122,920</u>	<u>122,920</u>

29. Contingencies

	Company	
	2016 RM	2015 RM
Unsecured		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiary companies"	<u>60,847,000</u>	<u>65,890,000</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

30. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

Manufacturing	Manufacturing of printing ink, colour pigment, colourants for plastic, EDM cut-wire and graphic art, CNC machining of graphite and copper EDM electrodes, files, chemicals, and equipment for lithography and allied industries.
Trading and investment holding	Investment holding of the investments in subsidiary companies and property investment, supplies, distributions and dealing of printing ink, colour pigment, colourants for plastic and other printing materials, electrical discharge machining tools, graphite materials and 3D profile metal components.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment as included in the internal management reports that are reviewed by the Group Managing Director and the Board of Directors. Total liabilities are used to measure the gearing of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Major Customers

The Group has a diversified range of customers.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016
(a) Business segment

	Manufacturing RM	Trading and Investment Holding RM	Total RM	Elimination RM	Consolidated RM
Group 2016					
Revenue					
External customers	55,492,433	26,248,407	81,740,840	-	81,740,840
Inter-segment sales	9,151,940	1,918,848	11,070,788	(11,070,788)	-
Total revenue	<u>64,644,373</u>	<u>28,167,255</u>	<u>92,811,628</u>	<u>(11,070,788)</u>	<u>81,740,840</u>
Results					
Interest income	1,837	662	2,499	-	2,499
Finance costs	952,847	610,365	1,563,212	-	1,563,212
Depreciation	1,595,389	474,087	2,069,476	(61,876)	2,007,600
Other non-cash items	32	167,244	167,276	-	167,276
Share of loss of associate	-	3,166	3,166	-	3,166
Segment profit/(loss)	2,869,616	(622,097)	2,247,519	(724,245)	1,523,274
Segment assets	<u>331,413,149</u>	<u>136,095,164</u>	<u>467,508,313</u>	<u>(145,494,233)</u>	<u>322,014,080</u>
Included in the measurement of segment assets are:					
Capital expenditure	3,258,173	30,851	3,289,024	(634,213)	2,654,811
Segment liabilities	<u>280,116,404</u>	<u>8,916,965</u>	<u>289,033,369</u>	<u>(93,954,445)</u>	<u>195,078,924</u>
Other non-cash items					
Inventories written off	-	97,313	97,313	-	97,313
Impairment on trade receivables	-	17,650	17,650	-	17,650
Property, plant and equipment written off	32	52,281	52,313	-	52,313

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

(a) Business segment	Manufacturing RM	Trading and Investment Holding RM	Total RM	Elimination RM	Consolidated RM
Group 2015					
Revenue					
External customers	48,530,072	33,234,224	81,764,296	-	81,764,296
Inter-segment sales	16,183,731	3,554,139	19,737,870	(19,737,870)	-
Total revenue	64,713,803	36,788,363	101,502,166	(19,737,870)	81,764,296
Results					
Interest income	699	9,884	10,583	-	10,583
Finance costs	795,105	778,875	1,573,980	-	1,573,980
Depreciation	1,754,298	1,311,966	3,066,264	(34,052)	3,032,212
Other non-cash items	117	(167,606)	(167,489)	-	(167,489)
Share of loss of associate	-	436	436	-	436
Segment profit/(loss)	3,314,308	706,215	4,020,523	(1,653,556)	2,366,967
Segment assets	249,158,137	149,502,307	398,660,444	(156,075,068)	242,585,376
Included in the measurement of segment assets are:					
Capital expenditure	7,837,659	1,692,019	9,529,678	-	9,529,678
Segment liabilities	199,212,003	21,537,852	220,749,855	(104,258,118)	116,491,737
Other non-cash items					
Inventories written off	-	19,093	19,093	-	19,093
Impairment on trade receivables	-	73,153	73,153	-	73,153
Property, plant and equipment written off	117	12,910	13,027	-	13,027
Reversal of impairment loss on trade receivables	-	(177,598)	(177,598)	-	(177,598)
Reversal of impairment loss on property, plant and equipment	-	(95,164)	(95,164)	-	(95,164)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

30. Segment Information (cont'd)

(b) Geographical segments

Segment information is presented in respect of the Group's geographical segments. The geographical segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of assets. The group's principal geographical areas for its continuing operations are located on Malaysia and Indonesia which involved in production and sale of products.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	80,050,341	78,905,387	318,367,297	238,247,097	2,633,722	9,021,856
Indonesia	1,690,499	2,858,909	3,646,783	4,338,279	21,089	507,822
	<u>81,740,840</u>	<u>81,764,296</u>	<u>322,014,080</u>	<u>242,585,376</u>	<u>2,654,811</u>	<u>9,529,678</u>

31. Capital Commitment

Authorised and contracted for:

Property, plant and equipment

Company	
2016 RM	2015 RM
-	<u>7,301,076</u>

32. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group 2016			
Financial Assets			
Trade receivables	20,190,707	-	20,190,707
Other receivables	1,368,143	-	1,368,143
Fixed deposit with a licensed bank	19,515	-	19,515
Cash and bank balances	3,491,373	-	3,491,373
	<u>25,069,738</u>	-	<u>25,069,738</u>
Financial Liabilities			
Trade payables	-	9,038,278	9,038,278
Other payables	-	156,787,795	156,787,795
Amount owing to Directors	-	132,920	132,920
Finance lease liabilities	-	123,233	123,233
Bank borrowings	-	27,023,852	27,023,852
	-	<u>193,106,078</u>	<u>193,106,078</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group 2015			
Financial Assets			
Trade receivables	18,538,964	-	18,538,964
Other receivables	1,555,884	-	1,555,884
Fixed deposit with a licensed bank	18,931	-	18,931
Cash and bank balances	2,992,535	-	2,992,535
	<u>23,106,314</u>	<u>-</u>	<u>23,106,314</u>
Financial Liabilities			
Trade payables	-	12,000,997	12,000,997
Other payables	-	73,107,778	73,107,778
Amount owing to Directors	-	277,840	277,840
Finance lease liabilities	-	203,865	203,865
Bank borrowings	-	28,406,574	28,406,574
	<u>-</u>	<u>113,997,054</u>	<u>113,997,054</u>
Company 2016			
Financial Assets			
Amount owing by a subsidiary company	75,191,652	-	75,191,652
Cash and bank balances	4,472	-	4,472
	<u>75,196,124</u>	<u>-</u>	<u>75,196,124</u>
Financial Liabilities			
Other payables	-	82,221	82,221
Amount owing to Directors	-	72,920	72,920
	<u>-</u>	<u>155,141</u>	<u>155,141</u>
Company 2015			
Financial Assets			
Amount owing by a subsidiary company	75,565,073	-	75,565,073
Cash and bank balances	23,764	-	23,764
	<u>75,588,837</u>	<u>-</u>	<u>75,588,837</u>
Financial Liabilities			
Other payables	-	96,301	96,301
Amount owing to Directors	-	145,840	145,840
	<u>-</u>	<u>242,141</u>	<u>242,141</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM27,023,853 (2015: RM28,406,574), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

Financial guarantee

The Group provides secured bank guarantee in favour of third parties for business purposes. The maximum exposure of credit risk amounted to RM154,444 (2015: RM84,500). There was no indication that the guarantee will be called upon.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

(ii) **Liquidity risk**

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

Group	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2016						
Non-derivative financial liabilities						
Trade payables	9,038,278	-	-	-	9,038,278	9,038,278
Other payables	156,787,795	-	-	-	156,787,795	156,787,795
Amount owing to Directors	132,920	-	-	-	132,920	132,920
Finance lease payables	60,855	25,896	49,417	-	136,168	123,233
Bank borrowings	18,920,646	939,696	2,819,088	7,372,407	30,051,837	27,023,852
	<u>184,940,494</u>	<u>965,592</u>	<u>2,868,505</u>	<u>7,372,407</u>	<u>196,146,998</u>	<u>193,106,078</u>
2015						
Non-derivative financial liabilities						
Trade payables	12,000,997	-	-	-	12,000,997	12,000,997
Other payables	73,107,778	-	-	-	73,107,778	73,107,778
Amount owing to Directors	277,840	-	-	-	277,840	277,840
Finance lease payables	90,233	73,776	62,392	-	226,401	203,865
Bank borrowings	20,286,042	305,199	3,525,097	4,290,236	28,406,574	28,406,574
	<u>105,762,890</u>	<u>378,975</u>	<u>3,587,489</u>	<u>4,290,236</u>	<u>114,019,590</u>	<u>113,997,054</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016
32. Financial Instruments (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company 2016						
Non-derivative financial liabilities						
Other payables	82,221	-	-	-	82,221	82,221
Amount owing to Directors	72,920	-	-	-	72,920	72,920
	<u>155,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,141</u>	<u>155,141</u>
2015						
Non-derivative financial liabilities						
Other payables	96,301	-	-	-	96,301	96,301
Amount owing to Directors	145,840	-	-	-	145,840	145,840
	<u>242,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,141</u>	<u>242,141</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD"), Indonesia Rupiah ("IDR"), Swiss Franc ("CHF"), Japanese Yen ("JPY"), Euro ("EUR"), and Chinese Yuan Renminbi ("RMB")

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Dominated in								Total RM
	USD RM	GBP RM	SGD RM	IDR RM	CHF RM	JPY RM	EUR RM	RMB RM	
Group 2016									
Financial Assets									
Trade receivables	1,866,889	-	182,003	521,953	-	-	35,914	-	2,606,759
Other receivables	24,947	13,178	481,148	84,528	-	-	-	-	603,801
Cash and bank balances	1,291,678	-	86,358	457,362	-	-	65,298	-	1,900,696
Financial Liabilities									
Trade payables	(2,367,923)	-	(556)	-	(773,725)	(487,427)	(235,664)	(114,676)	(3,979,971)
Other payables	(23,015)	-	-	(1,332)	-	-	(5,826)	-	(30,173)
	<u>792,576</u>	<u>13,178</u>	<u>748,953</u>	<u>1,062,511</u>	<u>(773,725)</u>	<u>(487,427)</u>	<u>(140,278)</u>	<u>(114,676)</u>	<u>1,101,112</u>

	Dominated in								Total RM
	USD RM	GBP RM	SGD RM	IDR RM	CHF RM	JPY RM	EUR RM	RMB RM	
Group 2015									
Financial Assets									
Trade receivables	1,374,559	-	192,258	666,340	-	-	-	-	2,233,157
Other receivables	1,364,822	-	45,778	219,583	-	-	24,169	-	1,654,352
Cash and bank balances									
Financial Liabilities									
Trade payables	(4,148,790)	-	(32,745)	(25,135)	(67,453)	(307,338)	(1,380,115)	-	(5,961,576)
Other payables	(39,894)	-	-	-	-	(15,592)	-	-	(55,486)
	<u>(1,449,303)</u>	<u>-</u>	<u>205,291</u>	<u>860,788</u>	<u>(67,453)</u>	<u>(322,930)</u>	<u>(1,355,946)</u>	<u>-</u>	<u>(2,129,553)</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, GBP, SGD, IDR, CHF, JPY and EUR exchange rates against RM, with all other variables held constant.

	Change in currency rate RM	2016 Effect on profit before tax RM	2015 Effect on profit before tax RM
USD	Strengthened 10%	79,258	(144,930)
	Weakened 10%	(79,258)	144,930
GBP	Strengthened 10%	1,318	-
	Weakened 10%	(1,318)	-
SGD	Strengthened 10%	74,895	20,529
	Weakened 10%	(74,895)	(20,529)
IDR	Strengthened 10%	106,251	86,079
	Weakened 10%	(106,251)	(86,079)
CHF	Strengthened 10%	(77,373)	(6,745)
	Weakened 10%	77,373	6,745
JPY	Strengthened 10%	(48,743)	(32,293)
	Weakened 10%	48,743	32,293
EUR	Strengthened 10%	(14,028)	(135,595)
	Weakened 10%	14,028	135,595
RMB	Strengthened 10%	(11,468)	-
	Weakened 10%	11,468	-

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

	2016 RM	2015 RM
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	19,515	18,931
Financial liabilities		
Finance lease liabilities	(123,233)	(203,865)
	<u>(103,718)</u>	<u>(184,934)</u>
Floating rate instruments		
Financial liabilities		
Bankers' acceptances	(10,223,929)	(11,576,566)
Bank overdrafts	(7,897,159)	(8,297,728)
Term loans	(8,902,764)	(8,532,280)
	<u>(27,023,852)</u>	<u>(28,406,574)</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM67,560 (2015: RM71,016) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The carrying amounts of the financial liabilities of the Group at the reporting date reasonably approximate their fair values except as follows:

	Carrying amount RM	Fair value RM
Group		
2016		
Financial liabilities		
Finance lease liabilities (Level 2)	<u>123,233</u>	<u>98,755</u>
2015		
Financial liabilities		
Finance lease liabilities (Level 2)	<u>203,865</u>	<u>193,646</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2016

32. Financial Instruments (cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

33. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at end of the reporting period are as follows:

	Group	
	2016 RM	2015 RM
Total loans and borrowings	27,147,085	28,610,439
Less: Deposits, bank and cash balances	(3,510,888)	(3,011,466)
Total net debts	<u>23,636,197</u>	<u>25,598,973</u>
Total equity	<u>123,944,666</u>	<u>122,452,229</u>
Gearing ratio	<u>19%</u>	<u>21%</u>

There were no changes in the Group's approach to capital management during the financial year.

34. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 July 2016

35. Supplementary Information On The Disclosure Of Realised and Unrealised Profits Or Losses

The following analysis of realised and unrealised retained profits / (accumulated losses) of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries				
- realised	45,928,412	44,753,840	(355,689)	(40,364)
- unrealised	<u>(1,352,038)</u>	<u>(1,564,124)</u>	-	-
	44,576,374	43,189,716	(355,689)	(40,364)
Total share of accumulated losses from associated company				
- realised	<u>(50,068)</u>	<u>(46,902)</u>	-	-
	44,526,306	43,142,814	(355,689)	(40,364)
Less: Consolidation adjustments	<u>(27,737,876)</u>	<u>(27,827,417)</u>	-	-
Total retained profits/ (accumulated losses)	<u>16,788,430</u>	<u>15,315,397</u>	<u>(355,689)</u>	<u>(40,364)</u>

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

ANALYSIS OF SHAREHOLDINGS as at 30 JUNE 2016

SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000/-
Issued and fully paid-up capital	:	RM107,000,000/-
Class of Shares	:	Ordinary Shares of RM1/- Each
Voting Rights	:	1 vote per share
No. of Shareholders	:	1286

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100	296	23.02	979	0.00
100 to 1,000	292	22.71	140,983	0.13
1,001 to 10,000	368	28.62	1,974,860	1.85
10,001 to 100,000	253	19.67	8,330,855	7.79
100,001 and below 5% of issued shares	70	5.44	41,331,679	38.63
5% and above of issued shares	7	0.54	55,220,644	51.61
TOTAL	1,286	100.00	107,000,000	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Cheah Yoke Han	9,972,240	9.32
2.	Eng Lian Enterprise Sdn. Bhd.	9,728,525	9.09
3.	Lim Guan Lee	8,990,704	8.40
4.	Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98
5.	Bukit Asa Sdn. Bhd.	6,750,000	6.31
6.	Rockwills Trustee Berhad [Beneficiary: Ng Chong You]	6,310,043	5.90
7.	Amsec Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account – Ambank (M) Berhad for Song Kok Cheong]	6,000,000	5.61
8.	Kok Sow May	4,558,522	4.26
9.	Kwok Sow Yoong	3,889,676	3.64
10.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Song Kok Cheong (Margin)]	3,551,000	3.32
11.	Tan Yu Yeh	2,652,800	2.48
12.	Pembinaan Maju Wangi Sdn. Bhd.	2,186,500	2.04
13.	Lim Guan Lee	2,000,000	1.87
14.	Foo Fong Lee	1,657,137	1.55
15.	Ng Tze Woei	1,568,300	1.47
16.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Song Kok Cheong (8073295)]	1,375,000	1.29
17.	Maybank Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Yap Chiat Bine]	817,400	0.76
18.	Lee Chee Beng	752,000	0.70
19.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Chan Pooi Chuen (Margin)]	692,000	0.65
20.	Fong Yuet Peng	687,500	0.64
21.	Chew Cheong Loong	595,000	0.56
22.	Song Kok Cheong	551,525	0.52

ANALYSIS OF SHAREHOLDINGS as at 30 JUNE 2016

23.	HLIB Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Expo Holdings Sdn. Bhd.]	551,300	0.52
24.	Pang Sai Chun	535,400	0.50
25.	Mercsec Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Ng Thiam Seong]	514,600	0.48
26.	Tee Teh Sdn. Berhad	500,000	0.47
27.	Maybank Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Ooi Chong Chuan]	479,250	0.45
28.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Lau Yen Bin (8070548)]	456,700	0.43
29.	Public Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Lim Lian Hock (E-SPI)]	438,900	0.41
30.	RHB Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Ng Siyu Lian]	408,500	0.38
		86,639,654	80.97

SUBSTANTIAL SHAREHOLDERS (As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Ordinary Shares of RM1/- Each			
	Direct	%	Indirect	%
1. Lim Guan Lee	11,448,204	10.70	119,000	0.11
2. Song Kok Cheong	11,477,525	10.73	391,726	0.37
3. Fong Po Yin	291,726	0.27	11,577,525	10.82
4. Rockwills Trustee Berhad [Beneficiary: Ng Chong You]	6,310,043	5.90	1,642,600	1.53
5. Ling Ha Kee	90,000	0.08	7,862,643	7.35
6. Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98	-	-
7. Ng Lu Siong @ Ng Soon Huat	155,555	0.14	16,478,525	15.40
8. Eng Lian Enterprise Sdn. Bhd.	9,728,525	9.09	6,750,000	6.31
9. Ng Eng Hiam Plantations Sdn. Bhd.	-	-	6,750,000	6.31
10. Ng Ling Li	250,000	0.23	6,750,000	6.31
11. Bukit Asa Sdn. Bhd.	6,750,000	6.31	-	-
12. Cheah Yoke Han	9,972,240	9.32	-	-
13. Lu Pat Sdn. Bhd.	-	-	16,478,525	15.40
14. The Nehsons Trust Company Berhad	-	-	16,478,525	15.40
15. Eng Sim Leong @ Ng Leong Sing	-	-	16,478,525	15.40
16. Ng Tee Chuan	-	-	16,478,525	15.40
17. Ng Lam Shen	-	-	16,478,525	15.40
18. Yvonne Po Leng Lam	150,000	0.14	16,478,525	15.40
19. Geraldine Marie Tse Chian Ng	-	-	16,478,525	15.40

STATEMENT OF DIRECTORS' SHAREHOLDINGS

Name of Substantial Shareholders	No. of Ordinary Shares of RM1/- Each			
	Direct	%	Indirect	%
1. Tuan Hj. Ir. Yusoff bin Daud	230,964	0.22	-	-
2. Song Kok Cheong	11,477,525	10.73	391,726	0.37
3. Lim Guan Lee	11,448,204	10.70	119,000	0.11
4. Song Hsiao May (alternate director to Song Kok Cheong)	100,000	0.09	-	-
5. Tham Kut Cheong	-	-	-	-
6. You Tong Lioung @ Yew Tong Leong	-	-	-	-
7. Lim Soek Fun (Lin ShuFen) (alternate director to Lim Guan Lee)	-	-	-	-

ANALYSIS OF WARRANT HOLDINGS as at 30 JUNE 2016

WARRANTS 2013/2018

No. of warrants 2013/2018	:	42,800,000
No. of warrants 2013/2018 outstanding	:	42,800,000
Class of Securities	:	Warrants 2013/2018 ("Warrants")
Voting rights	:	1 vote per Warrant
No. of Warrants holders	:	312

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant holders	%	No. of Warrant Held	%
Less than 100	1	0.32	25	0.00
100 - 1,000	19	6.09	14,400	0.03
1,001 - 10,000	122	39.10	762,500	1.78
10,001 - 100,000	122	39.10	5,014,522	11.72
100,001 to less than 5% of issued warrants	40	12.82	11,962,559	27.95
5% and above of issued warrants	8	2.56	25,045,994	58.52
	<u>312</u>	<u>100.00</u>	<u>42,800,000</u>	<u>100.00</u>

LIST OF THIRTY LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	Lim Guan Lee	4,396,281	10.27
2.	Cheah Yoke Han	3,988,896	9.32
3.	Eng Lian Enterprise Sdn. Bhd	3,891,410	9.09
4.	Bukit Asa Sdn. Bhd.	2,700,000	6.31
5.	Kok Sau Lan @ Kwok Sow Lan	2,677,173	6.26
6.	Rockwills Trustee Berhad [Beneficiary: Ng Chong You]	2,604,000	6.08
7.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - Ambank (M) Berhad for Song Kok Cheong	2,400,000	5.61
8.	Kwok Sow Yoong	2,388,234	5.58
9.	Kok Sow May	1,823,409	4.26
10.	Pembinaan Maju Wangi Sdn. Bhd.	1,148,900	2.68
11.	Tan Yu Yeh	1,043,500	2.44
12.	Song Kok Cheong	752,900	1.76
13.	Maybank Securities Nominees (Tempatan) Sdn Bhd. Pledged securities account for Song Kok Cheong (Margin)	649,500	1.52
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd. Pledged securities account for Song Kok Cheong (8073295)	550,000	1.29
15.	Foo Fong Lee	548,650	1.28
16.	Lee Chee Beng	500,000	1.17
17.	Fong Yuet Peng	285,000	0.67
18.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chan Pooi Chuen (Margin)	276,800	0.65
19.	Tung Pui Hiew	262,000	0.61
20.	Pang Sai Chun	250,000	0.58
21.	Sim Mui Khee	250,000	0.58
22.	Ng Ho Fatt	210,000	0.49
23.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ng Siyu Lian	199,400	0.47

ANALYSIS OF WARRANT HOLDINGS as at 30 JUNE 2016

24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ooi Chong Chuan	183,700	0.43
25.	Bon Nyon	160,900	0.38
26.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chiew Hoon Len (013)	156,000	0.36
27.	TA Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chua Mee Keow	150,000	0.35
28.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Sun Ping	145,400	0.34
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Beneficiary: Ng Tirn Mei	145,000	0.34
30.	Johstar The Plastic Man (M) Sdn. Bhd.	144,000	0.34
		34,881,053	81.50

LIST OF PROPERTIES AS AT 31 MARCH 2016

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2016	Date of Acquisition*/ Valuation**
1	PT No. 3477, Mukim of Petaling, District of Petaling, State of Selangor	Industrial building with a three (3) storey office and single storey factory annexe	13 years	99 years leasehold expiring on 10th January 2089	119,113	78,792	10,586,459	10 Sept 2012**
2	GRN 369740, Lot No. 111298 Mukim of Tebrau District of Johor Bahru. State of Johor	1 1/2 storey terrace industrial building	22 years	Freehold	3,091	2,400	376,140	27 Aug 2002**
3	GRN 369744, Lot No. 111299 Mukim of Tebrau District of Johor Bahru. State of Johor	1 1/2 storey terrace industrial building	22 years	Freehold	3,091	2,400	412,800	23 July 2002**
4	L.O. 7/65/Sub- Jacket/ 21/Ind Mukim of Damansara District of Klang State of Selangor	Semi-detached Industrial building with a two (2) storey office and single storey single factory annexe	42 years	90 years leasehold expiring on 16 th January 2067	24,590	13,704	1,673,437	17 Sept 2002 **
5	Lot No. 212808 & 212809, Mukim of Hulu Kinta District of kinta State of Perak	Two (2) adjoining units of 1 1/2 storey semi-detached industrial building	21 years	90 years leasehold expiring on 3rd May 2084	4,500 and 4,500	3,010 and 3,010	218,189 and 218,189	22 Aug 2002**
6	Lot No. 2788 and 2789, Bandar Butterworth Seksyen 3, District of Perai Utara, State of Pulau Pinang	Two (2) adjoining units of 1 1/2 storey terrace industrial buildings	23 years	99 years leasehold expiring on 3rd May 2069	2,250 and 2,250	2,850 and 2,850	278,107 and 278,107	22 Aug 2002**
7	Lot No. 5952, Mukim Bachang Daerah Melaka Tengah Melaka	1 1/2 storey terrace factory	20 years	99 years leasehold expiring on 18th May 2095	1,920	1,920	166,146	31 May 2005*
8	Lot PT 22 & PT 23 Mukim Dan Daerah Petaling , No.6 & 8 Jln TPP 1/1A, Taman Industrial Puchong Selangor Darul Ehsan	1 1/2 storey freehold semi- detached light industrial building	12 years	Freehold	22,000	15,000	2,421,400	24 Apr 2002* 5 Jan 2005**
9	H.S.(D) 61629 Lot No: PT 11380 , Mukim Petaling, State of Selangor	1 1/2 storey semi detached light industrial factory	15 years	Freehold	8,396	4,376	969,273	3 Sept 2001* 5 Jan 2005**

LIST OF PROPERTIES AS AT 31 MARCH 2016

10	H.S.(M) No. 854 & H.S.(M) No. 521 Lot 3073 & PT Lot 2998, Mukim 6, Daerah Seberang Perai Tengah Negeri Pulau Pinang	1 1/2 storey terrace factory	25 years (base on OC)	Freehold	2,820	2,610	351,184	10 Oct 1999* 28 Oct 2004**
11	H.S.(D)153043, PT No 72789 Mukim Kapar, Klang Selangor Darul Ehsan	Vacant Industrial Land	N/A	Freehold	128,564	N/A	4,398,755	10 June 2011*
12	H.S.(D)153042, PT No 72788 Mukim Kapar, Klang Selangor Darul Ehsan	Vacant Industrial Land	N/A	Freehold	108,177	N/A	5,203,399	10 June 2011*
13	H.S.(D) 207907, PT No 6379 Bandar Sri Sendayan Daerah Seremban, Negeri Sembilan	Vacant Industrial Land	N/A	Freehold	103,829	N/A	3,170,583	21 June 2013*
Grand Total							30,722,167	

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PROXY FORM

I/We _____, NRIC No./Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

being a member(s) of TOYO INK GROUP BERHAD hereby appoint _____

_____ (FULL NAME)

of _____ (ADDRESS)

or failing him/her, _____ (FULL NAME)

of _____ (ADDRESS)

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held at the Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annexe, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 8 September 2016, at 10.30 a.m. and at any adjournment thereof.

(* strike out whichever is not desired)

My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' fees		
2.	Re-election of Mr. Song Kok Cheong as Director		
3.	Re-appointment of Mr. You Tong Lioung @ Yew Tong Leong as Director		
4.	Re-appointment of Tuan Hj. Ir. Yusoff Bin Daud as Director		
5.	Re-appointment of Mr. Tham Kut Cheong as Director		
6.	To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Ordinary Resolution 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
8.	Ordinary Resolution 2 - Continuing in office for Mr. Tham Kut Cheong as Independent Non-Executive Director		
9.	Ordinary Resolution 3 - Continuing in office For Mr. You Tong Lioung @ Yew Tong Leong as Independent Non-Executive Director		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

Dated this _____ day of _____ 2016

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

Signature

Notes:-

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- Where a member is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
- In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of some officer of the corporation, duly authorised on that behalf.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 September 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and vote on his behalf.

Fold this flap for sealing

Then fold here

AFFIX
STAMP
HERE

The Company Secretary
TOYO INK GROUP BERHAD (590521-D)
Lot 4.100, Tingkat 4, Wisma Central,
Jalan Ampang, 50450 Kuala Lumpur

First Fold here

Address : PT 3477, Jalan 6/1, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel: 603-8942 3335 Fax: 603-8942 1161 email: toyoink@po.jaring.my

Website: <http://www.toyoink.com.my>