2019

LAPORAN TAHUNAN
ANNUAL REPORT

TOYO

TOYO INK GROUP BERHAD

(Company No. 590521-D)

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth ("17th") Annual General Meeting ("AGM") of Toyo Ink Group Berhad ("the Company") will be held at Bukit Jalil Golf & Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 4 September 2019, at 10.30 a.m. for the transaction of the following businesses:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and the Auditors thereon. **(Refer Note 7)**

2. To declare a final single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 March 2019. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM180,000.00 in respect of the financial year ending 31 March 2020. **(Resolution 2)**

4. To approve the payment of Directors' benefit up to RM50,000.00 from the 17th AGM until the 18th AGM of the Company. **(Resolution 3)**

5. To re-elect the following Directors who retires by rotation pursuant to Article 92 of the Company's Articles of Association and, being eligible, offers themselves for re-election:-

   (a) Mr. You Tong Lioung @ Yew Tong Leong **(Resolution 4)**
   (b) Mr. Song Kok Cheong **(Resolution 5)**

6. To re-elect Mr. Chew Cheong Loong who is retiring pursuant to Article 97 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 6)**

7. To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. **As Special Businesses:-**
   To consider and, if thought fit, to pass the following Ordinary and Special Resolution(s): -

   (a) Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 **(Resolution 8)**
   "THAT subject always to the Companies Act 2016, Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company, to such persons, at any time 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 does not exceed ten percent (10%) of the total number of issued shares 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 Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a General Meeting."

   (b) Continuing In Office of Mr. Tham Kut Cheong As Independent Non-Executive Director **(Resolution 9)**
   "THAT authority 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 (9) years, to continue to act as an Independent Non-Executive Director of the Company."

   (c) **Continuing In Office of Mr. You Tong Lioung @ Yew Tong Leong As Independent Non-Executive Director** **(Resolution 10)**
   "THAT subject to passing of Ordinary Resolution No. 4, authority 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 (9) years, to continue to act as an Independent Non-Executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

9. Proposed Adoption of the New Constitution of the Company **(Special Resolution)**

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

10. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD,

ANDREA HUONG JIA MEI (MIA 36347)
Company Secretary

Kuala Lumpur
31 July 2019

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 17th AGM, a final single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 March 2019 will be payable on 30 September 2019 to depositors registered in the Record of Depositors on 20 September 2019.

A depositor shall qualify for entitlement only in respect of:

(a) Share transferred to the Depositor's Securities Account before 4.30 p.m. on 20 September 2019 in respect of transfer; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD,

ANDREA HUONG JIA MEI (MIA 36347)
Company Secretary

Kuala Lumpur
31 July 2019

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak 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 of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.

4. The Proxy Form must be deposited at the Company's Share Registrar at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.

6. **General Meeting Record of Depositors**
   For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 57(c) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), a Record of Depositors as at 27 August 2019 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

7. **Audited Financial Statements for the financial year ended 31 March 2019**
   The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda is not put forward for voting by shareholders of the Company,

8. **Payment of Directors' Benefit**
   Pursuant to Section 230 (1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting.

   The proposed Directors Benefits payable comprise allowances and other benefits. The total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meeting from 5 September 2019 (being the day after the 17th AGM) until the 18th AGM. In the event, the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

NOTICE OF DIVIDEND ENTITLEMENT

9. Explanatory Notes on Special Businesses: -

(a) **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

Resolution No. 8 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the last year's AGM ("the previous mandate"). As the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed Resolution No. 8, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding ten percent (10%) of the total number of issued shares of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

The renewed mandate will provide flexibility to the Company 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. 9 and 10**

The proposed Ordinary Resolution No. 9 if passed, will allow Mr. Tham Kut Cheong to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee had assessed the independence of Mr. Tham Kut Cheong, who has served as INED of the Company for a cumulative term of more than sixteen (16) years and recommended him to continue to act as an INED of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

The proposed Ordinary Resolution No. 10, if passed, will allow Mr. You Tong Lioung @ Yew Tong Leong to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee had assessed the independence of Mr. You Tong Lioung @ Yew Tong Leong, who has served as INED of the Company for a cumulative term of more than sixteen (16) years and recommended him to continue to act as an INED of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

Resolutions No. 9 & 10 if passed, will authorise Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong to continue in office as INEDs of the Company until the conclusion of the next AGM of the Company.

(c) **Special Resolution**

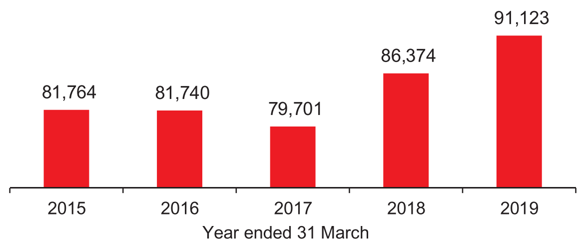
Proposed Adoption of the New Constitution of the Company
In view of the substantial amount of amendments to the existing Memorandum and Articles of Association ("M&A"), the Board proposed to revoke the existing M&A in its entirety and in place thereof, adopt a new Constitution as set out in Appendix II of the Circular to shareholders dated 31 July 2019.

The proposed resolution, if passed, will streamline the Company's Constitution with the Act, and the amendments made to Main Market Listing Requirements of Bursa Securities.

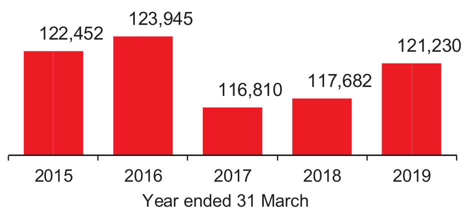
For further information, please refer to the Circular to Shareholders dated 31 July 2019 which is circulated together with this Annual Report.

FINANCIAL HIGHLIGHTS - 31 MARCH 2015 TO 31 MARCH 2019

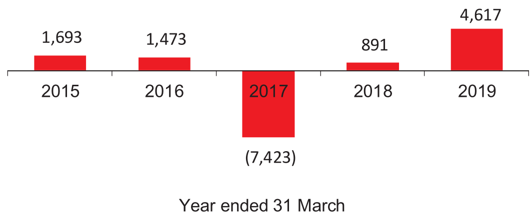
Group Turnover RM('000)



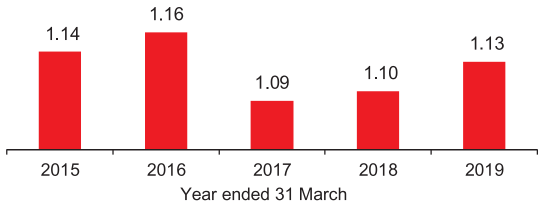
Total Shareholders' Funds RM('000)



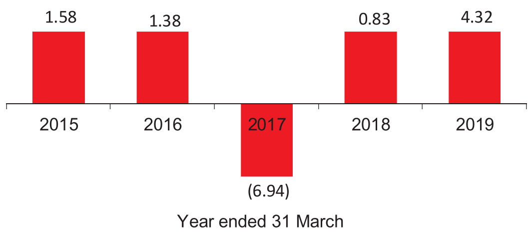
Net profit after tax RM('000)



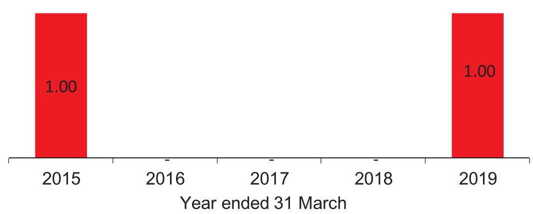
Net assets per share (RM)



Net earnings per share (Sen)



Gross dividend per share (Sen)



	2015	2016	2017	2018	2019
Group Turnover (RM"000)	81,764	81,740	79,701	86,374	91,123
Total shareholders' funds (RM'000)	122,453	123,945	116,810	117,682	121,230
Net assets per share (RM)	1.14	1.16	1.09	1.10	1.13
Net profit after tax (RM’000)	1,693	1,473	(7,423)	891	4,617
Net earnings per share (sen)	1.58	1.38	(6.94)	0.83	4.32
Gross dividend per share (sen)	1.00	-	-	-	1.00

DIRECTORS' PROFILE

Tuan Hj. Ir. Yusoff bin Daud

(Malaysian, male, aged 74)
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 Lingkaran 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 2019.

He has no conflict of interest with the Company.

Mr. Song Kok Cheong

(Malaysian, male, aged 67)
Group Managing Director

Mr. Song Kok Cheong is the Group 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 2019.

He has no conflict of interest with the Company.

Other than Toyo Ink Group Berhad, he does not hold directoship in any other public listed companies.

Mr. Chew Cheong Loong

(Malaysian, male, aged 52)
Non-Independent Executive Director

Mr. Chew Cheong Loong was appointed as Managing Director of EDM Group of Companies in 2006 and was appointed to the Board on 22 March 2019. He is the Director of Edm-Tools (M) Sdn. Bhd. (ETSB), Edm-Tools (Penang) Sdn. Bhd. (ETPSB), Elo Dunia Manufaturing (M) Sdn. Bhd. (EDMSB), Inmac Edm-Tools (M) Sdn. Bhd. (IETSB) and Toyo Laser Technology Sdn. Bhd. (TLTSB). He is responsible for overall business operations and performance of EDM Group of Companies.

He graduated from Institute Technology Jaya, Kuala Lumpur in 1988 with a Diploma in Electrical and Electronics Engineering and obtained certificate in Chartered Institute of Marketing from Stamford College in 1992. He started his career in JVC Electronics (M) Sdn Bhd in 1989 as production technician and promoted as assistant production line leader before joining ETSB as a sales engineer in January 1990.

Mr Chew is the first employee in ETSB and responsible for business development in Malaysia for the Precision Mould, Tool & die industries. He went through the whole journey of the company's growth and expansion till present day.

He has attended 2 Board meetings held during his tenure in office in the financial year ended 31 March 2019.

Other than Toyo Ink Group Berhad, he does not hold directorship in any other public listed companies.

He has no conflict of interest with the Company.

DIRECTORS' PROFILE

Mr. Lim Guan Lee
(Singaporean, male, aged 69)
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 all Board meetings held during his tenure in office in the financial year ended 31 March 2019.

He has no conflict of interest with the Company.

Other than Toyo Ink Group Berhad, he does not hold directoship in any other public listed companies.

Mr. Tham Kut Cheong
(Malaysian, male, aged 74)
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 Deloittes & 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 financial year ended 31 March 2019.

He has no conflict of interest with the Company.

Other than Toyo Ink Group Berhad, he does not hold directoship in any other public listed companies.

Mr. You Tong Lioung @ Yew Tong Leong
(Malaysian, male, aged 83)
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 4 Board meetings held during his tenure in office in the financial year ended 31 March 2019.

He has no conflict of interest with the Company.

DIRECTORS' PROFILE

Ms. Song Hsiao May
(Malaysian, female, aged 35)
Non-Independent Non-Executive Alternate Director to Song Kok Cheong

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. In July 2019, she is promoted to the position of General Manager of Toyo Ink Sdn Bhd.

She has not attended any Board meetings held during her tenure in office in the financial year ended 31 March 2019.

She has no conflict of interest with the Company.

Ms. Lim Soek Fun
(Singaporean, female, aged 38)
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 2019.

She has no conflict of interest with the Company.

Notes:

None of the Directors has been convicted of any offences within the past five (5) years other than traffic offences or has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

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

(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.

PROFILES OF SENIOR MANAGEMENT

Ms. Song Hsiao May
(Malaysian, female, aged 35)
General Manager, Ink Group

Refer to Directors' Profile on page 9.

Mr. Ng Aik Wah
(Malaysian, male, aged 52)
Senior Manager (Factory Operations), Ink Group

Mr. Ng Aik Wah is the Factory Manager of the Company. He started his career in the ink manufacturing business in the Quality Assurance Department of the Company in 1989. Six years later and after thoroughly understanding the stringent requirements of quality in ink production he was assigned to the production department as a Supervisor. Mr. Ng was promoted to Deputy Manager in charge of overall production in 1997 which covers responsibility for raw materials, storage, production, distribution and logistics, factory human resource planning and staff training. In 2000 Mr. Ng was further promoted to his present position as Factory Manager in the Company. In 2016, he was re-designation to his current position as Senior Manager (Factory Operations).

He does not hold any directorships of public companies and listed issuers.

Mr. Chong Choon Ming
(Malaysian, male, aged 53)
General Manager (Operations), EDM-Tools Group

Chong Choon Ming has 27 years' experience in the engineering and tool & dies industry. He joined Inmac EDM-Tools (M) Sdn Bhd in October 2004 as Production Manager and subsequently re-designated as Manufacturing Manager in 2008 and Senior Manufacturing Manager in 2010. He was promoted as Deputy General Manager with effective from 1 April 2015 and subsequently to his current position as General Manager in Year 2017. His responsibilities in the company included sales and marketing, fine wires manufacturing operations of the wires.

He completed his Diploma in Mechanical & Manufacturing Engineering from Tunku Abdul Rahman College in Year 1991. Upon graduation in year 1991, he joined Siemen Sdn Bhd in Melaka as R&D Engineer. He left to join Auto Parts Manufacturer Co. Sdn Bhd in Klang 2 years later and was working as Tooling Manager for 5 years. In year 1998, he joined a Japanese die casting company, Kenseisha (M) Sdn Bhd in Bangi as Production Maintenance Manager. He joined a high precision and automation company, Genetec Technology Sdn Bhd in Bangi 2 years later as Production Manager. In Year 2002, he joined Likom Caseworks Sdn Bhd in Melaka and posted to Mexico plant set up Engineering Department in Mexico.

He does not hold any directorships of public companies and listed issuers.

Mr. Yap Kim Fatt
(Malaysian, male, aged 43)
General Manger (Sales & Marketing), EDM-Tools Group

Yap Kim Fatt is our General Manager in Sales and Marketing Division and is responsible to advise and assist the Managing Director within EDM-Tools Group in implementing the strategic plans of the company, identifying new businesses or investment opportunities for the company.

He has more than twenty years of experiences in the wire-cut consumables, Precision Mould and Die related business. He started his career in 1995 at Multi Purpose Holding Berhad before joining Edm-Tools Group as Technical sales Executive in April 1996. In Feb 2010 he was promoted to Deputy General Manager of Edm-Tools (M) Sdn Bhd and subsequently promoted to his current position as General Manager in April 2017.

He does not hold any directorships of public companies and listed issuers.

PROFILES OF SENIOR MANAGEMENT

Mr. Soo Zin Chuen

(Malaysian, male, aged 40)

Senior Finance & Accounting Manager

Mr Soo joined Toyo Ink Group in August 2013 as Finance and Accounting Manager and was later designated as Senior Finance and Accounting Manager. He has completed his professional qualification in ACCA and is a member of the Malaysian Institute of Accountants.

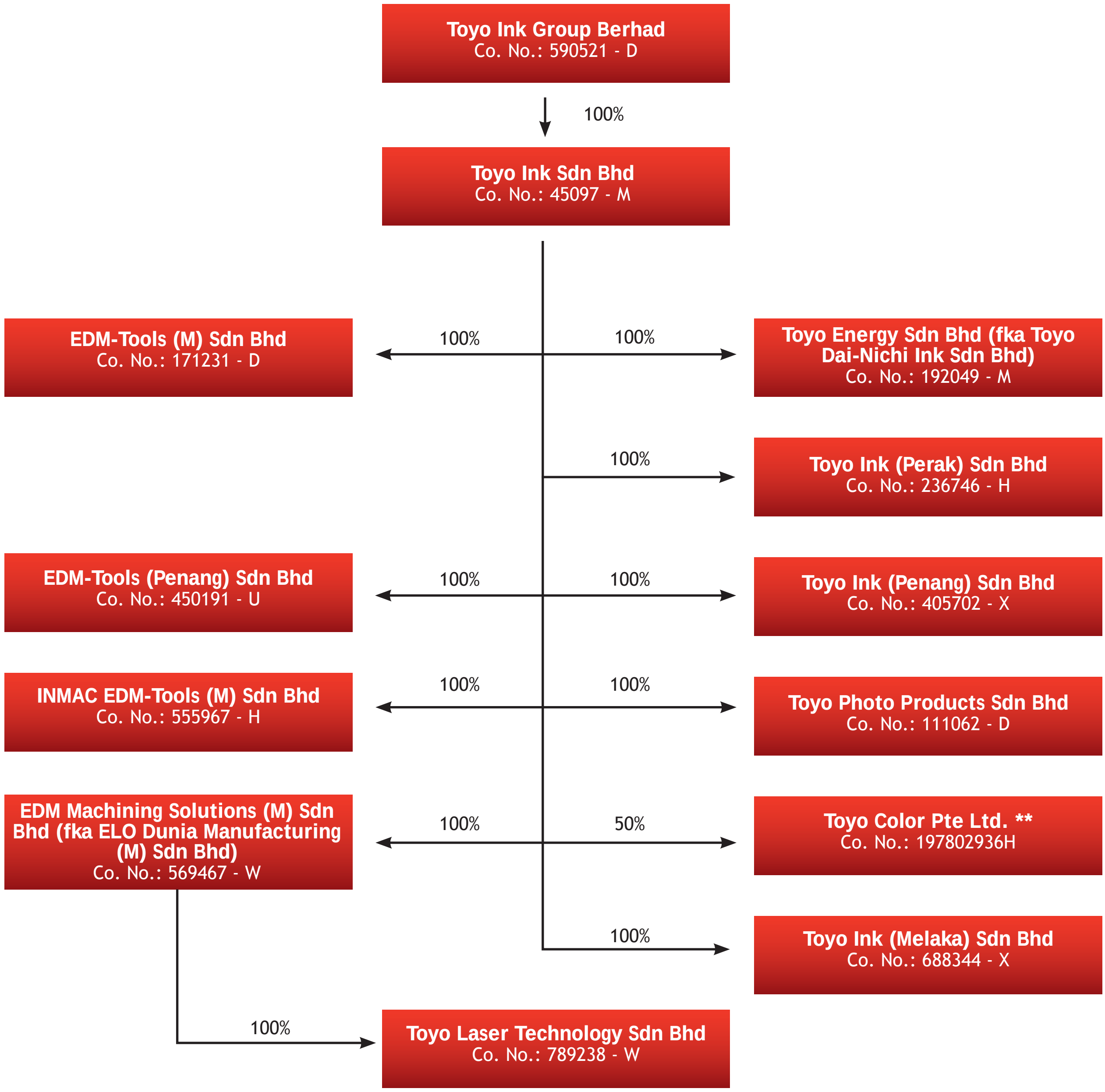
Prior to joining Toyo Ink Group, Mr. Soo had accumulated 18 years of auditing, finance and accounting related experience in the commerce and public accounting firm.

He does not hold any directorships of public companies and listed issuers.

Notes:

(a) None of the Senior Management has any conflict of interest with the Company.
(b) None of the Senior Management has been convicted for offences other than traffic offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 March 2019.

CORPORATE STRUCTURE



*** Incorporated in Singapore*

CORPORATE INFORMATION

Board of Directors
Tuan Hj. Ir. Yusoff bin Daud (Chairman)
Song Kok Cheong
Chew Cheong Loong
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
Tony Chiu & Partners

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
AmIslamic 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
TOYO INK (MELAKA) SDN BHD
TOYO ENERGY SDN BHD (fka TOYO DAI-NICHI INK SDN BHD)
PT 3477, Jalan 6/1, Kawasan Perusahaan Seri Kembangan,
43300 Seri Kembangan, Selangor, Malaysia.

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

EDM-TOOLS (M) SDN BHD
INMAC 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

EDM-TOOLS (PENANG) SDN BHD
No. 26, Lorong Nagasari 3
Taman Nagasari
13600, Prai, Penang.

EDM-TOOLS (M) SDN BHD (JOHOR BRANCH)
No. 8, Jalan Canggih 3
Taman Perindustrian Cemerlang
81800, Ulu Tiram, Johor

EDM-TOOLS (M) SDN BHD (MELAKA BRANCH)
No. 54, Jalan M 6
Taman Merdeka, Fasa 2
Batu Berendam, 75350, Melaka

TOYO COLOR PTE LTD
63 Joo Koon Circle
Singapore 629076

PRODUCTS AND SERVICES

Flexographic ink

Gravure ink

Masterbatch products - colorants

Offset process ink products

Masterbatch products - colorants

Glasurit automotive paints

PRODUCTS AND SERVICES

EDM CUT WIRE

GRAPHITE ELECTRODES

EROWA ROBOT AUTOMATION

ELBO CONTROLLI TOOL PRESETTER

COHERENT LASER WELDING MACHINE

GF MIKRON HPM MACHINE
(MIKRON MILL P900)

GF DIE SINKING EDM MACHINE
(FORM P350)

GF WIRE CUT EDM
(CUT 1000)

TOYO FIBRE LASER CUTTING MACHINE (Table type)

TOYO LASER WELDING MACHINE
(Eco Line)

TOYO SPOT LASER WELDING

CNC GRAPHITE MACHINING CENTER

CNC EDM MACHINE

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The operations of Toyo Ink Group Berhad are organised into two (2) principal business units.

a. Ink Group
b. EDM-Tools Group

Ink Group

The Ink Group organises its principal businesses into three (3) business divisions.

i. Ink Division
ii. Masterbatch Division
iii. Trading Division

Ink Division
This division is principally involved in manufacture of gravure and flexographic ink in Malaysia. Ink manufactured by the Company is supplied to a wide variety of industries which include the consumer goods, industrial products, and printing industries.

Masterbatch Division
This division is principally involved in manufacture of colour masterbatch for Polyolefin application in film blowing, injection moulding, blow moulding and extrusion moulding.

Trading Division
This division is principally involved in trading of consumable and equipment for Graphic Art Industry and also in trading of component automotive refinish system for one of the world leader in refinish technology.

EDM-Tools Group

The EDM-Tools Group organises its principal businesses into three (3) major business divisions.

i. Engineering Division
ii. Consumable Division
iii. CNC Machining and Graphite Division

Engineering Division
This division is principally involved in sales and distribution of electrical discharge machining (EDM) tools and providing solutions to Precision Mould, Tool and Die Industries in productivity improvements.

Consumables Division
This division is principally involved in manufacture of high quality EDM-Tools Cut Wires and trading of consumables products. Cut Wires manufactured by the Company and the consumable products are supplied to a wide variety of customers in the Precision Mould and Die Industries.

CNC Machining and Graphite Division
This division is principally involved in manufacturing and fabrication of EDM graphite electrode and assembling of CNC Machining centres.

FINANCIAL PERFORMANCE

The contributions of the respective units to the Group's revenue and profit/(loss) before taxation are as below:

	FY 2019 RM'000	FY 2018 RM'000	Increase/(Decrease) RM'000	%
Revenue:				
Ink Group	40,667	39,010	1,656	4.2
EDM-Tools Group	50,456	47,364	3,093	6.5
Profit/(loss) Before Tax:				
Ink Group	(2,254)	(515)	(1,739)	-337.7
EDM-Tools Group	8,396	2,343	6,053	258.3

MANAGEMENT DISCUSSION AND ANALYSIS

Ink Group

The Ink Group recorded an increase in revenue to RM40.67 million in financial year ("FY") 2019 as compared to RM39.01 million in FY 2018 mainly contributed by the ink division and the trading division involved in the automotive refinish paints and consumable and equipment for Graphic Art Industry.

The Group operates from the main manufacturing plant in Seri Kembangan, Selangor with Sales Offices located in Prai, Penang, Ipoh and Johor Bahru.

Loss before tax from the Ink Group has worsen mainly due to higher impairment of goodwill amount of RM5.46 million as compared to RM0.96 million in FY 2018. However, the loss from the recognition of goodwill impairment is partly offset by higher contribution achieved by the ink division and trading of automotive refinish paints division.

EDM-Tools Group

The EDM-Tools Group recorded an increase in revenue to RM50.46 million in FY 2019 as compared to RM47.36 million in FY 2018 resulted from the higher sales achieved in the Engineering, Consumables and CNC Machining Division.

The Group operates from the two (2) manufacturing facilities in Puchong, Selangor with Sales Offices located in Prai, Penang, Melaka and Johor Bahru.

As a result from the higher sales recorded in all the division under EDM-Tools Group and the one off gain from disposal of land as compared to FY2018, the Profit Before Tax has improved to RM8.40 million compared to RM2.34 million in FY2018.

MANAGING RISKS EXPOSURE

The operations of the Group are exposed to credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group has adopted policies on financial risk management as disclosed in the Statement of Risk Management and Internal Control.

LIQUIDITY AND CAPITAL MANAGEMENT

The Group maintains a healthy level of cash and cash equivalents and credit facilities from financial institutions to fund the Group's short term and long term commitments.

The Group's long term and short term borrowings are principally denominated in Ringgit Malaysia in Malaysia and amounting to RM7.11 million as at 31 March 2019.

As at 31 March 2019, the Group has cash and cash equivalent amounting to RM 14.09 million as well as unutilised banking facilities amounting to RM 16.51 million. The Group anticipates its cash and cash equivalents and available credit facilities to be sufficient to fund the working capital and capital investment for our business.

DIVIDEND POLICY

The Group has adopted a policy of paying an annual dividend of not more than 60 per cent of its consolidated annual net profit and this policy will commence for the financial year ending 31 March 2019. The Board will evaluate the Group's profitability, long term plans and cash flows position annually before recommending any dividend payment.

- On 4 September 2018, the Group declared an interim single tier dividend of 1 sen per ordinary share amounting to RM1.07 million in respect of the financial year ending 31 March 2019. The dividend was paid on 10 October 2018.
- A final single tier dividend of 2.0 sen per ordinary share, in respect of the current financial year has been recommended by the Directors which are subject to the approval of the shareholders at the forthcoming Annual General Meeting.

INVESTMENT IN POWER PLANT PROJECT IN VIETNAM

The management is still in on-going negotiation with the Vietnamese Government for the finalisation of the Build-Operate-Transfer (BOT) contract for the Coal-Fired Power Plant Project (2 units x 1,060 MW Gross Nominal Capacity) in Hau Giang Province in Vietnam.

Up to 31 March 2019, the Group had invested RM358.865 million in the power plant project.

PROSPECTS

The Board is confident of achieving encouraging performance in FY 2020 based on current market conditions in which the US Dollar is anticipated to be stable for the near future as volatility of the USD against the Ringgit Malaysia will influence the Group's future earnings especially for the export business under EDM-Tools Group.

CORPORATE GOVERNANCE OVERVIEW 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 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.

The Board is fully dedicated to continuously evaluate the Group's Corporate Governance practices and procedures with a view to ensure the principles and recommendations in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2017 ("MCCG") are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad and it is to be read together with the CG Report 2019 ("CG Report") which is available at the corporate website at www.toyoink.com.my

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

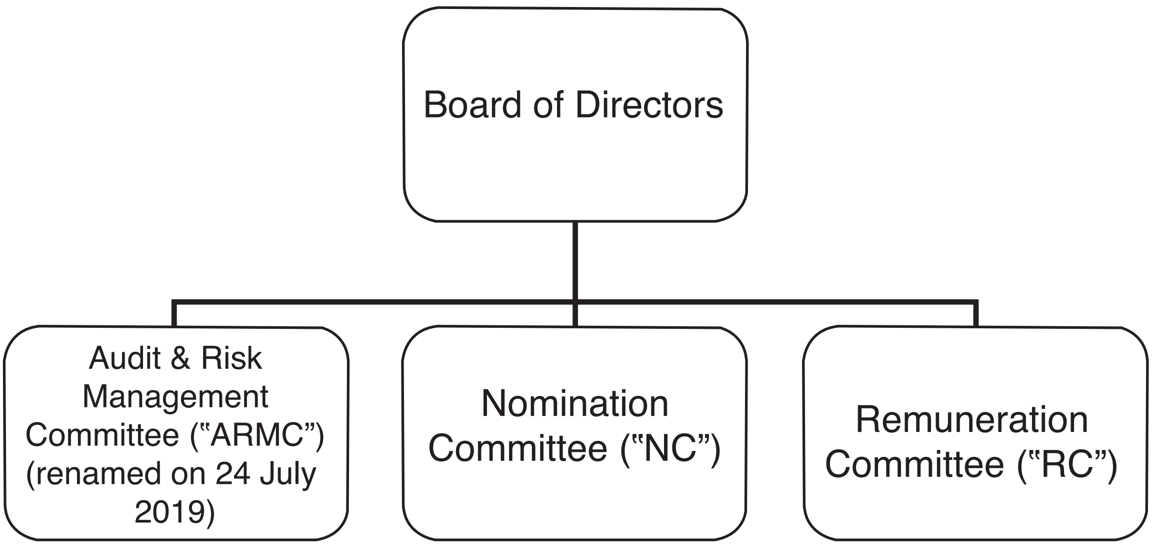
SECTION I: BOARD ROLES AND RESPONSIBILITIES

Toyo Ink Group Berhad ("the Company") and its subsidiaries ("the Group") continues to be led and managed by an effective, active and experienced Board which ensures that the interests of the shareholders and stakeholders are protected by setting out the Group's values and standards.

The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholder value. In order to fulfil this role, the Board is explicitly responsible for reviewing and adopting the Group's strategic plans, overseeing the conduct of the business operations of the Company and the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan, developing a communications policy and reviewing management information and internal control system and promote good Corporate Governance culture within the Group which reinforces ethical, prudent and professional behaviour.

The Management is accountable to the Board and is to fulfill their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

In order to ensure orderly and effective discharge of the above functions and responsibilities, the Board has also delegated certain responsibilities to the following Board Committees.



The delegation of authority for Board Committees are stipulated in their respective Terms of Reference ("TOR(s)"). The TORs are reviewed periodically to ensure effective and efficient decision making in the Group.

The Board Committees also act as a reviewing committee, evaluating and recommending matters under their purview for the Board to consider and approve. The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Company that all major decisions shall be considered by the Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE CHAIRMAN

Tuan Hj. Ir. Yusoff bin Daud was appointed as the Independent Non-Executive Chairman of the Company. The Chairman has been acting as facilitator at meetings of Directors and ensure smooth functioning of the Board in the interest of good Corporate Governance practice. The Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

CHAIRMAN AND MANAGING DIRECTOR

The role of the Independent Non-Executive Chairman, Tuan Hj. Ir. Yusoff bin Daud and the Managing Director ("MD"), Mr. Song Kok Cheong are distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to day management of the business and implementation of the Board's policies and decision. The MD is familiar with the performance and operations of the company's business and also understands the matters affecting the industry and the company in general. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

QUALIFIED AND COMPETENT 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 235(2)(a) of the Companies Act, 2016.

The Company Secretary is responsible, amongst other, ensure proper preparation of notices of all Board and Board Committees Meetings, attending all Board and Board Committees Meetings and to ensure that accurate and adequate records of the proceedings of meetings and decisions made are properly kept as well as preparation and submission of statutory returns and forms as and when required by the Companies Commission of Malaysia. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

ACCESS TO INFORMATION AND ADVICE

The Board is provided with appropriate information and comprehensive Board papers 7 days prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Board Committees meetings and to brief and provide explanations to the Board and Board Committee members on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.

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.

BOARD CHARTER

The Board last reviewed its Board Charter on July 2018. The Board Charter sets out the composition, operation, processes, role and a list of specific functions that are reserved for the Board. It is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. Key matters reserved for the Board's approval includes managing conflict of interest issues, approval of material acquisitions and disposition of assets, corporate plans, annual budgets, new ventures, authority level, dividend policy and significant treasury policies.

The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available at the corporate website at www.toyoink.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CODE OF ETHICS & CONDUCT

The Group has established a Code of Ethics and Conduct ("Code") on 29 July 2013.

This Code of Ethics and Conduct sets out the principles and standards of business ethics and conduct of the Group. The Code covers managing conflicts of interest, confidential information, insider information and securities trading, protection of assets and funds, business records and control, compliance with law, personal gifting, health and safety, sexual harassment, outside interest, fair and courteous behaviour and misconduct.

The Board will periodically review and update the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate.

A summary of the Code is available at the corporate website at www.toyoink.com.my.

WHISTLE BLOWING POLICY

The Group has established a Whistle Blowing Policy ("WBP") on 29 July 2013.

The WBP provides an avenue to employees and stakeholders (shareholders, customers and suppliers) to raise genuine concerns about unethical behaviour, illegal activities, malpractices and/or failure in compliance with legal or regulatory requirements at the workplace to enable appropriate actions to be taken to resolve them effectively.

The WBP 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.

A summary of the Whistle Blowing Policy is available at the corporate website at www.toyoink.com.my.

SECTION II: BOARD COMPOSITION

COMPOSITION OF THE BOARD

As at the financial year ended 31 March 2019, the Board is made up of the following composition: -

Director	Independent	Non-Independent	Executive	Non-Executive
Tuan Hj. Ir. Yusoff Bin Daud	√	X	X	√
Song Kok Cheong	X	√	√	X
Lim Guan Lee	X	√	X	√
Tham Kut Cheong	√	X	X	√
You Tong Lioung @ Yew Tong Leong	√	X	X	√
Chew Cheong Loong	X	√	√	X
Total Number	3	3	2	4

The above composition of 3/6 of Independent Director currently fulfills and complies with the MMLR of Bursa Securities which requires listed issuer to have at least 2 Directors or 1/3 of the Board of Director of a listed issuer, whichever is higher must be Independent Director.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TENURE OF INDEPENDENT DIRECTOR

Mr. Tham Kut Cheong ("Mr. Tham") was appointed to the Board on 4 August 2003 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than sixteen (16) years. The Board of Directors had, vide the Nomination Committee ("NC") has assessed the independence of Mr. Tham, and had recommended him to continue to act as an Independent Non-Executive Director of the Company.

Mr. You Tong Lioung @ Yew Tong Leong ("Mr. You") was also appointed to the Board on 4 August 2003 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than sixteen (16) years. The Board of Directors had, vide the NC has assessed the independence of Mr. You, and had recommended him to continue to act as an Independent Non-Executive Director of the Company.

Based on the assessment done vide the Nomination Committee ("NC"), Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong have fulfilled the criteria under the definition of Independent Director as stated in MMLR of Bursa Securities. Notwithstanding the recommendation of the MCCG, the Board is presently of the view that, there is no necessity to fix a maximum tenure for Directors as there are significant advantage to be gained from long service Directors who possess in depth insights to the Group's business and affairs. The ability of a Director to serve effectively as an Independent Director is very much dependent on their integrity and objectivity and had no direct connection to their tenure as an Independent Director.

Mr. Tham being the Chairman of the Audit Committee and Mr. You being the member of the Audit Committee, have demonstrated that they have the qualities and competencies to enable them to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board. They have also proven their 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.

DIVERSE BOARD AND SENIOR MANAGEMENT TEAM

Members of the Board comprise professionals from diverse gender, ethnicity, age, bringing with them in-depth and diversity of expertise, a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. The profile of each Director is presented on pages 7 to 9 of this Annual Report.

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 appointment of Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Page 10 to 11 of this Annual Report.

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.

NOMINATION COMMITTEE

The Nomination Committee ("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: -

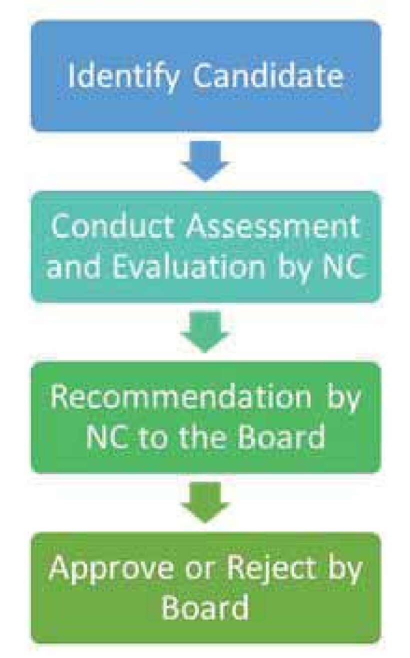
Chairman	Tham Kut Cheong	*Independent Non-Executive Director*
Members	Tuan Hj. Ir. Yusoff bin Daud	*Independent Non-Executive Chairman*
	You Tong Lioung @ Yew Tong Leong	*Independent Non-Executive Director*

The Terms of Reference of the NC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.toyoink.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC's key responsibilities are: -

(a) Appointment of New Director
The chart below shows the procedures on appointment of new Director



The current process with regards to the appointment of new Directors to the Board are based on the recommendations of the NC based on Directors' network and referrals from major shareholders.

The NC, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regards to:

(i) Size, composition, diversity (including gender diversity) and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group;

(ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in Paragraph 1.01 of the MMLR; and

(iii) The appropriate number of Independent Non-Executive Directors to fulfil the requirements under MMLR which requires at least 2 or 1/3 of the membership, whichever is higher of the Board must be Independent Directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

(b) Board Evaluation
The evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including Independent Director was conducted in-house under the purview of the NC and facilitated by the Company Secretary.

The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory enumerations and emerging best practices of MCCG as the method of evaluation.

The NC assesses the effectiveness of the Board and the Board Committees, as well as performance of individual Directors on an annual basis. In furtherance to these annual assessments, the NC is able to identify gaps in the Board composition and the needs to identify and select new members to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The NC is responsible for making recommendation to the Board for the re-election and re-appointment of Directors who retire by rotation. This recommendation is based on formal reviews on the performance of Directors, taking into consideration the Board competency matrix and the Directors' contribution to the Board through their knowledge and commitments, experiences, level of independence and ability to act in the best interest of the Group in decision making.

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, Article 92 of the Articles of Association of the Company ("Company's Articles") provides that all Directors shall retire by rotation once in every 3 years or at least 1/3 of the Directors shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting.

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following Annual General Meeting immediately after his appointment.

NC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 MARCH 2019

Below is a summary of the activities undertaken by the NC for the financial year ended 31 March 2019: -

(a) Reviewed and assessed the mix of skills, experience, competency and size of the Board;
(b) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for election at the upcoming AGM;
(c) Reviewed the succession plan for the Board members;
(d) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
(e) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(f) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
(g) Reviewed and assessed the term of office and performance of the AC and each of its members.

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 2019, as reflected below: -

	Attendance At Meetings of			
	Board	Audit Committee	NC	RC
Tuan Hj. Ir. Yusoff bin Daud	5/*5	5/*5	2/*2	N/A
Song Kok Cheong	5/*5	3/#5	N/A	1/*2
Lim Guan Lee	5/*5	N/A	N/A	N/A
Tham Kut Cheong	5/*5	5/*5	2/*2	2/*2
You Tong Lioung @ Yew Tong Leong	4/*5	4/*5	2/*2	2/*2
*Chew Cheong Loong***	2/*2	2/#5	N/A	N/A
Lim Soek Fun (Alternate Director to Lim Guan Lee)	0/*5	N/A	N/A	N/A
Song Hsiao May (Alternate Director to Song Kok Cheong)	0/*5	N/A	N/A	N/A

*Reflect the number of meetings held during the director's tenure of office
**Mr.Chew Cheong Loong was appointed to the Board on 22 March 2019
#Attended by invitation
N/A - Not Applicable

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than 5 directorships as required under Paragraph 15.06 of the MMLR.

DIRECTORS TRAINING

The Board evaluates the needs to attend training in order to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment enabling them to discharge their duties effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year, all the Directors have attended the following training programmes: -

Name of Directors	Development and Training Programmes
Song Kok Cheong	• SST Implementation by SL Training and Consultancy
Tuan Hj. Ir. Yusoff bin Daud	• Board of Directors Awareness Session on Sustainability - Enhancing Sustainability Reporting • Handling Media During a Crisis - Role of Board in Corporate Communications
Lim Guan Lee	• SST Implementation by SL Training and Consultancy
Tham Kut Cheong	• SST Implementation by SL Training and Consultancy
You Tong Lioung @ Yew Tong Leong	• SST Implementation by SL Training and Consultancy
Chew Cheong Loong	• Mandatory Accreditation Programme

SECTION III: REMUNERATION

REMUNERATION POLICY

The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The Remuneration Committee ("RC") shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

REMUNERATION COMMITTEE

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 two (2) meetings during the financial year ended 31 March 2019.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DETAILS OF DIRECTOR'S REMUNERATION

The remuneration of the Directors of the Company for the financial year ended 31 March 2019 are as follows:

The details of the remuneration of Directors of the Company comprising the remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 March 2019 are as follows: -

Directors	# Fees (RM)	Salaries & *Other emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
The Company				
Executive Directors				
Song Kok Cheong	30,000	5,625	-	**35,625**
Chew Cheong Loong	-	-	-	**-**
Non-Executive Directors				
Tuan Hj. Ir. Yusoff bin Daud	30,000	44,125	-	**74,125**
Lim Guan Lee	30,000	3,125	-	**33,125**
Tham Kut Cheong	30,000	26,750	-	**56,750**
You Tong Lioung @ Yew Tong Leong	30,000	5,000	-	**35,000**
The Group				
Executive Directors				
Song Kok Cheong	55,000	784,460	-	**839,460**
Chew Cheong Loong	-	753,003	-	**753,003**
Non-Executive Directors				
Tuan Hj. Ir. Yusoff bin Daud	45,000	44,125	-	**89,125**
Lim Guan Lee	45,000	3,125	-	**48,125**
Tham Kut Cheong	45,000	300,750	-	**345,750**
You Tong Lioung @ Yew Tong Leong	30,000	5,000	-	**35,000**

* Other emoluments include bonuses and the Group's contribution to the Employer Provident Fund and Social Security contributions.

The Directors' fees and benefits are subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting ("AGM").

Remuneration of Top five (5) Senior Management

The remuneration of the top five (5) Senior Management Team of the Company are as follows: -

Remuneration Bands	Senior Management
RM100,000 and below	-
RM100,001 to RM250,000	4
RM750,001 to RM800,000	1

Details of the remuneration of each top 5 senior management on a named basis are not disclosed in this report as the Board is of the view that the transparency and accountability aspects of the MCCG on disclosure of the remuneration of top 5 senior management are appropriately served by the above remuneration disclosures in bands as shown above.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

SECTION I: AUDIT COMMITTEE

EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE

The Audit Committee ("AC") was established on 28 August 2003. The AC comprises 3 Non- Executive Directors. The AC is chaired by an Independent NED, Mr. Tham Kut Cheong. The AC is comprised of members who are financially literate, possess the appropriate level of expertise and experience. The Audit Committee Report covering its terms of reference, composition, activities and attendance of the members are reported separately on pages 29 to 30.

The Terms of Reference of the AC was last reviewed and updated on 24 July 2019 and is available at the corporate website at www.toyoink.com.my

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 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, had on 16 July 2019 deliberated on the re-appointment of Messrs. UHY as its External Auditors, which included amongst others, an assessment on the engagement teams' qualification, credentials and experience, its audit approach, the audit firm's professional standing and reputation as well as audit cost. The Audit Committee has reviewed the independence of the External Auditors, via amongst others, an annual review of the non-audit services rendered by the External Auditors and the related amount of fees. The Audit Committee had also obtained assurance from the External Auditors confirming their independence throughout the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

SECTION II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is updated on the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. Please refer to the Statement on Risk Management and Internal Control on page 31 to 32 of this Annual Report for further information.

EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The independent Internal Auditors reports directly to the Audit Committee on its activities based on approved annual internal audit plan.

The principal responsibility of the internal audit department is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the internal auditor reviews and assesses the Group's systems of internal control and report to the Committee directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Further details of the activities of the internal audit function are set out in the Audit Committee Report on page 30 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

SECTION I: COMMUNICATION WITH STAKEHOLDERS

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. 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. This information is also electronically published at the Bursa Securities and the corporate website at http://www.bursamalaysia.com and www.toyoink.com.my respectively and it is accessible by public.

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

The Board adheres strictly to the Bursa Securities disclosure framework to provide investors and the public with accurate and complete information on a timely basis and not merely to meet the minimum regulatory requirements for disclosure. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

SECTION II: CONDUCT OF GENERAL MEETING

The Board regards the AGM and other General Meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue.

Notice of the AGM and Annual Report are sent to shareholders at least 28 days prior to the meeting. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM. Each shareholder can vote in person or by appointing a proxy to attend and vote on his behalf. The Board has also ensured that an explanatory statement will accompany each item of Special Business included in the notice of meeting on the effects of the proposed resolution.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considered that the CG Overview Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

The Board considers that the Company has complied with the provisions and applies the key principles of the MCCG throughout the financial period except for the following where the explanation for departure is stated in the CG Report:-

Practice 4.5 : Women Directors on Board
Practice 7.2 : Remuneration on Named basis for top 5 Senior Management
Practice 11.2: Integrated Reporting
Practice 12.3: Electronic Voting

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARATION OF 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, 2016 and the MMLR of the Bursa Securities so as to give a true and fair view of the Group's state of affairs and of the profit and loss and cash flows as at the end of the accounting period.

In preparing the audited financial statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with and reasonable and prudent judgements and estimates have been made. The audited financial statements are also prepared on a going concern basis as the Board has a reasonable expectation, after having made enquiries that the Group has adequate resources to continue its operational existence for the foreseeable future.

This statement was made in accordance with a resolution of the Board dated 24 July 2019.

AUDIT COMMITTEE REPORT

ESTABLISHMENT AND COMPOSITION

The Audit Committee of Toyo Ink Group Berhad ("Toyo") was established on 28 August 2003. For the financial year ended 31 March 2019, 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)**

COMMITTEE MEETINGS

The Audit Committee members ("AC") met 5 times during the financial year ended 31 March 2019. The details of Audit Committee's meetings held and attended by the AC Members 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
Member You Tong Lioung @ Yew Tong Leong *(Independent Non-Executive Director)*	5	4
Member 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 2019

During the financial year ended 31 March 2019, the activities of the AC includes the following: -

FINANCIAL REPORTING

(a) Reviewed the unaudited quarterly financial results before recommending to the Board of Directors ("Board") for approval to release to Bursa Malaysia Securities Berhad ("Bursa Securities") accordingly;

(b) Reviewed any related party transactions, any unusual transactions and conflict of interest situations that may arise within the Group;

(c) Reviewed the audited financial statements for the financial year ended 31 March 2019; and

(d) Reviewed the AC Report, Corporate Governance Overview Statement, Corporate Governance Report 2019 and Statement on Risk Management and Internal Control to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and recommend to the Board for inclusion in the Annual Report 2019.

EXTERNAL AUDIT

(a) During the financial year ended 31 March 2019, the AC reviewed and endorsed the External Auditor's, Messrs. UHY ("UHY") presentation which are as follows: -

   (i) Audit Plan 2019 which outlined its engagement team, audit approach, audit timeline, the areas of audit emphasis, and their focus on Key Audit Matters with reference to the International Standard on Auditing 701; and

   (ii) Audit Review Memorandum for the financial year ended 31 March 2019 which highlights the Key Audit Matters and Significant Audit Findings identified during the audit, matters for control improvements and significant outstanding matters.

(b) Scrutinised potential Key Audit Matters raised by the External Auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT (Cont'd)

The Key Audit Matters vetted by the AC was on

(i) Deferred Expenditures; and
(ii) Impairment assessment on goodwill

(c) The AC had undertaken an annual assessment of the suitability and independence of the External Auditor and based on the results of the assessment, the AC was satisfied with the suitability of UHY to be reappointed as External Auditors of the Company and had made recommendation to the Board for the External Auditors re-appointment;

(d) Discussed with the External Auditors on updates in relation to new or proposed changes in accounting standards and regulatory requirements and considered the implications to the financial statements presentation and disclosure arising from the adoption of the new Financial Reporting Standards;

(e) Met with the External Auditors once during the financial year ended 31 March 2019 without the presence of Executive Directors and management to discuss audit findings, assistance given by the management to the External Auditors or any observations noted during the audit process; and

(f) Considered the audit fees payable to the External Auditors and recommended to the Board for approval.

INTERNAL AUDIT FUNCTION

For the financial year ended 31 March 2019, the Group outsourced its internal audit function to an independent internal audit service company and the selected team is independent of the activities audited by them. The cost incurred for the internal audit function in respect of the financial year ended 31 March 2019 is RM71,000/-.

The principal responsibility of the internal audit department is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the internal auditor reviews and assesses the Group's systems of internal control and report to the AC directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the AC for review and approval. This ensures that the audit direction is in line with the AC's expectations.

Throughout the financial year, the AC had reviewed the following Internal Audit reports: -

(a)	Sales and Marketing and Follow-Up Audit of Inmac EDM-Tools (M) Sdn. Bhd	28/08/2018
(b)	Production Department and Follow-Up Audit of Inmac EDM-Tools (M) Sdn. Bhd.	28/11/2018
(c)	Sales and Marketing Department and Follow-Up Audit of Toyo Laser Technology Sdn. Bhd.	25/02/2019
(d)	Proposed Internal Audit Plan for the Years 2019 to 2010	28/05/2019

At these meetings, the AC also held 1 private session with the Internal Auditor without the Executive Board members and Management present.

The final reports containing the audit findings and recommendations together with responses by Management were circulated to all members of the AC. Areas of improvement identified were communicated to the Management for further action. All internal audit reports were reviewed by the AC and discussed at Committee Meetings and recommendations were duly acted upon by the Management. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Toyo Ink Group Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 March 2019. The disclosure in this Statement is presented pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") and new Malaysian Code on Corporate Governance ("MCCG")

BOARD'S RESPONSIBILITIES

In accordance with the latest MCCG, the Board who is responsible for the Group's risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively. In addition, the Board must also ensure that the systems of risk management and internal control manage risks and form part of its corporate culture.

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 risks and returns 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 Audit Committee is instituted by the Board to review the systems of internal control of the Group. The Audit Committee reviews the adequacy and effectiveness of internal controls based on the internal audits conducted by the Internal Auditors during the year. The Internal Auditors present the internal audit report to the Audit Committee. Audit issues and action taken by Management to address the issues are discussed in detail during Audit Committee meetings. In addition, the Audit Committee obtains feedback from the External Auditors on the audit risk and control issues highlighted by them in the course of their statutory audit.

RISK MANAGEMENT

Management from accounts and finance function supplements the Audit Committee's review on control and risk when presenting their quarterly financial performance and results to the Audit Committee. With management's consultation, the Audit Committee reviews the interim financial results in corroboration with the business development and the performance of its subsidiaries as well as the integrity of the financial results, Annual Report and audited financial statements.

Presently, the Group focuses on operational risks, particularly pertaining to quality of manufacturing and fabrication; credit risks which are the regular subject matters of meetings of Management and the Board as well as the on-going initiatives of the independent power plant project in Vietnam which were closely monitored and reported to the Board.

Subsequent to the year end, the Board has decided to empower the Audit Committee to overseeing the risk management practices of the Group. The Audit Committee will be renamed as Audit and Risk Management Committee ("ARMC") effective 24 July 2019. With this new responsibility, the ARMC will deliberate the risk management framework to be adopted for the Group.

INTERNAL CONTROLS

The quality management systems namely the ISO 9001:2008 and ISO14001:2004 are adopted in key subsidiaries of the Group. Following are the quality management system possessed by the key subsidiaries.

Subsidiary	Quality Management System	Environment Management Systems
Toyo Ink Sdn. Bhd	ISO 9001:2015	ISO14001:2015
EDM Machining Solution (M) Sdn. Bhd. (fka Elo Dunia Manufacturing (M) Sdn. Bhd.		N/A
EDM Tools (M) Sdn. Bhd.		N/A
Inmac EDM-Tools (M) Sdn. Bhd.	ISO 9001:2008	N/A

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. formal meetings are held periodically and participated by Managing Director, and departmental heads such as HOD Meetings, Progress Meetings and Credit Meetings to discuss about the business progress, challenges faced and action plans;

v. operating procedure on quality management is established to comply with ISO requirement;

vi. quarterly budget is established and monitored closely by serving as target, KPI and alert to management;

vii. management information systems generating financial data and information for reporting, review and monitoring purposes;

viii. operational risks are shared by way of insurance to minimize Group's financial exposures and losses resulting from risk of fire, perils, consequential loss, burglary, money and fidelity;

ix. security controls at strategic locations and premises of the Company and its subsidiaries.

x. Audit Committee reviews of the quarterly financial results, annual report, audited financial statements, and internal control issues identified by the External Auditors, Internal Auditors and the management; and

xi. internal audit function assists the Board and Audit Committee to overseeing the adequacy and integrity of the systems of internal control and reports its findings to the Audit Committee periodically.

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.

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 losses resulted from significant control weakness that would require separate disclosure in the Annual Report. The joint ventures and associated companies of the Group have not been dealt with as part of the Group for the purposes of this Statement.

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 material 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

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") [Previously known as "RPG5 (Revised) 2015"] issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. However, AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on their procedures performed, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and 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 process adopted by the Board and management in reviewing the adequacy and integrity of the risk management and effectiveness of the systems of risk management and internal control systems of the Group.

SUSTAINABILITY STATEMENT

Toyo Ink Group Berhad ("TIGB") presents its Sustainability Statement in manner as prescribe under the new Main Market Listing Requirement issued by Bursa Malaysia Securities Berhad ("the Exchange"). Our Sustainability Statement is prepared and based on the guidelines issued by the Global Reporting Initiative ("GRI") Sustainability Reporting Standard and is categorises into 3 aspects of sustainability which are Economic, Environmental and Social.

Economic Sustainability

Our commitment is always to operate to the highest standards of quality and performance with the support of our customers and suppliers in order for us to produce our products with high customers' satisfaction level. TIGB also always maintain active communication with the customers and suppliers as we believe they will contribute positively to the long term sustainability of the Group.
TIGB always gather customers' feedback through internal survey to seek continuous improvement on our product quality and customers' satisfaction. TIGB is also subjected to customers' audits and assessment to ensure that we meet their stringent business requirements.

Environmental Sustainability

TIGB has been certified with the ISO 14001:2015 Environmental Management System and has implemented DOE's Guideline Self Regulation (GSR) and the Environmental Performance Monitoring Committee (EPMC) and Environmental Regulatory Compliance Monitoring Committee (ERCMC) will coordinate and monitor the Environmental Management activities of the Company.

Air Emissions

Our manufacturing plant does not generate significant air emission but we strived to ensure we comply with the regulations set by the Department Of Environment ("DOE") pursuant to the Clean Air Regulation (2014). The Environmental Performance Monitoring Committee (EPMC) and Environmental Regulatory Compliance Monitoring Committee (ERCMC) will monitor the emission of air from the chimney through sampling and ensure the compliance to DOE's requirement.

Waste Management

As an ink manufacturer, TIGB recognises its duty and responsibility in managing waste and always embedded sustainability practices into our business process to operate in more efficient ways in minimising the waste. TIGB categorise the waste as scheduled and non-scheduled waste as per the regulations. All the scheduled waste is being collected by the DOE's approved licensed contractor pursuant to First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005 (8,9) and non-scheduled waste is collected by local authority's waste collector.

Social Sustainability

Our social commitment covers our responsibility to our employees and the community within our manufacturing plant and offices.

Employee Workforce

TIGB recognises the importance of diversity in workforce and try our best in providing the equal opportunity to our employees without discriminating their race, belief, gender and sexual orientation. As at 31 March 2019, TIGB employed 66% of male employees and 34% of female employees and our workforce is made of 87% local and 13% foreigner and our foreign workers are made of contract workers. It is always our commitment to practice local development and support the local community within our manufacturing plant and offices.

TIGB always believe that a healthy turnover rate of full-time employees should be lower than 25% and in year 2018, the turnover rate is less than 10%. We also comply with the Minimum Wage Order 2012 and its subsequent amendments as and when announced by the Government. We believe in work-life balance for our employees and do not condone to excessive workings hours and ensure the overtime hours are within the guidelines under the Employment Act.

Development of young talent

TIGB are committed to develop the young people as we believe the young talents will be important for the sustainability of the business. We continue to support the internship program by providing industrial training to students from colleges, polytechnics and other vocational institutions in order for them to gain practical working experience. We will also employ some of these intern trainees if there are vacancies available in the Company upon completion of their internship program in the Company.

SUSTAINABILITY STATEMENT

During the current financial year, we have provided internship program to 8 young students from universities and vocational institution and also hosted educational tour visit for the undergraduate students from the Engineering Faculty of University Technology of Malaysia and Institut Kemahiran Belia Negara, Sepang.

Safety and Health

Safety is our top priority and TIGB is committed to provide a safe and healthy working environment to our employees. A Safety and Health Committee (Regulation 1996) is formed to monitor the safety and health activities within the Company.

Emergency response plan and evacuation drills are conducted annually at our manufacturing plant in order to create the awareness of all our employees on safety measures in case an incident occur. During the year, Fire Safety Drill was conducted internally with the objective to ensure our employees are knowledgeable in fire prevention at our manufacturing plant.

In our efforts to achieve a safe working environment, the number of incidents is identified and notified on monthly basis (Control of Industrial Major Accident Hazards) Regulation 1996 (CIMAH) which includes major incidents, minor incidents and fatalities which results in lost workdays, restriction of work, medical treatment and hospitalisation. We also emphasised on a safe workplace by ensuring the workplace is under 24 hours' security surveillance.

Score in Laporan Pemeriksaan Tempat Kerja (Kementerian Sumber Manusia)

B (87.61 / 100)

Every year, TIGB will provides adequate healthcare for its employees and will carry out medical surveillance for all its employees. We will ensure employees involved directly in the manufacturing plant are properly trained to handle their works in a safe manner.

Our training initiatives also includes other internal and external training programmes offered to all our employees and not necessarily from the manufacturing division. These training courses include safety and health training, fire safety training, business and development training and other will be provided to employees in their respective field of work as and when required.

Corporate Social Responsibility

The Board of Toyo Ink Group Berhad (TIGB) had always emphasized the importance of creating a caring presence in our day to day dealings with the community that we operate in. As management of a corporate body we are fully aware of the less fortunate members of our society and the Board of TIGB has adopted the practice of "giving back to society", be it in deeds or in kind.

During the current financial year, TIGB staff made visit to Persatuan Kebajikan Orang-Orang Tua Bahagia Selangor (En Yuan Old Folk Home) in Petaling Jaya, Selangor – a local old folk home.


Furthermore, TIGB has made various donations include daily necessities and cash to Persatuan Ibu Bapa dan Guru, Sekolah Menengah Kebangsaan Taman Sea, Petaling Jaya, Tabung Pembinaan SJK (C) Sin Ming, Puchong, Selangor, Pertubuhan Kebajikan Mental Selangor, Cancerlink Foundation and Shelter Christian Fellowship for Aid and Welfare. It is our fervent hope that every small gesture will go towards further improvements to the services that can be provided to the less fortunate in our society.

ADDITIONAL COMPLIANCE INFORMATION

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

Audit and Non-Audit fees
The total amount of audit fees and non-audit fees paid to the External Auditors of the Group and its subsidiaries for the financial year ended 31 March 2019 amounted to RM169,746/- and RM5,000 respectively.

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

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of its 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
Profit for the financial year:	4,617,357	1,843,973
Attributable to:		
Owners of the Parent	4,617,357	1,843,973
Non-controlling interests	-	-
	4,617,357	1,843,973

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

Dividends

	RM
An interim single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 March 2019 on 10 October 2018.	1,070,000

The Directors recommend the payment of a final single tier dividend of RM0.02 per ordinary share in respect of the current financial year ended 31 March 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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 ('Warrant A")
The Warrants A were constituted under the Deed Poll dated 3 January 2013 and expired on 20 April 2018. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

Up to date of expiry, none of the 42,800,000 (31.03.2018:42,800,000) warrants were exercised and hence, have become invalid. As such, the reserve of RM8,132,000 was reverse against share capital.

Warrant 2018/2023 ("Warrant B")
The Warrants B were constituted under the Deed Poll dated 22 October 2018.

As at 31 March 2019, the total number of Warrants C that remain unexercised were 53,499,995.

The salient terms of the Warrants B are disclosed in Note 17 to the financial statements.

Directors
The Directors in office during the financial year until the date of this 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)*
Chew Cheong Loong* (Appointed on 22 March 2019)

Directors (Cont'd)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Yong Kok Liew	(Resigned on 25 June 2019)
Wong Hon Ying	(Appointed on 25 June 2019)

* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

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:

	Number of ordinary shares			
	AT 1.4.2018	Bought	Sold	AT 31.3.2019
Interests in the Company Direct Interest:				
Tuan Hj. Ir. Yusoff Bin Daud	230,964	-	-	230,964
Song Kok Cheong	11,477,525	148,500	(25)	11,626,000
Lim Guan Lee	11,548,204	391,000	-	11,939,204
Chew Cheong Loong	595,000	405,000	-	1,000,000
Song Hsiao May *(Alternate Director to Song Kok Cheong)*	392,000	-	-	392,000
Indirect Interest:				
Song Kok Cheong *	392,000	291,726	(291,726)	392,000
Chew Cheong Loong *	1,651,837	-	(271,837)	1,380,000
Lim Guan Lee **	119,000	-	-	119,000

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: (Cont'd)

	Number of Warrants 2018/2023			
	AT 1.4.2018	Addition	Sold	AT 31.3.2019
Interests in the Company Direct Interest:				
Tuan Hj. Ir. Yusoff Bin Daud	-	115,482	-	115,482
Song Hsiao May *(Alternate Director to Song Kok Cheong)*	-	196,000	-	196,000
Song Kok Cheong	-	5,813,000	-	5,813,000
Lim Guan Lee **	-	5,910,604	-	5,910,604
Indirect Interest:				
Song Kok Cheong *	-	196,000	-	196,000
Lim Guan Lee **	-	59,500	-	59,500

* 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' REPORT

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 remuneration received or due and receivable by Directors as shown in Notes 26 and 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, 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.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable step:

(i) 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 no allowance for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts 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 and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability 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, except as disclosed in the notes to the financial statements; 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.

Subsidiary Companies
The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

Auditors' Remuneration
The details of auditors' remuneration are set out in Note 26 to the financial statements.

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 24 July 2019.

SONG KOK CHEONG	CHEW CHEONG LOONG

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

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 17 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 July 2019.

SONG KOK CHEONG

CHEW CHEONG LOONG

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

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 17 to 116 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 24 July 2019)

SONG KOK CHEONG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOYO INK GROUP BERHAD

(COMPANY NO: 590521-D)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toyo Ink Group Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 98.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Emphasis of Matter

We draw attention to Note 9 to the financial statements which disclosed the current status of the 2 x 1060 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 RM358,864,944 as at 31 March 2019.

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.

Further to the MOU signed on 1 August 2013, the Company and MOIT had signed the agreement on extension of the Memorandum of Understanding ("MOU Extension") on 28 November 2016 and the MOU shall continue in effect until the signing of the Investment Agreement.

On 14 May 2018, the Company had signed a Memorandum of Agreement with coal supplier in relation to the coal supply and transportation for the project.

On 24 September 2018, the Company entered into a new Memorandum of Agreement ("MOA") with the Department of Natural Resources and Environment of Hau Giang Province ("Hau Giang DONRE") in relation to the Land Lease Agreement ("LLA") for the development of the project site land for the development of 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, Shared Facilities and Shared Services Agreement, Land Lease Agreement, Power Purchase Agreement and other relevant agreements ("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 and its team anticipated that all the agreements will be signed and completed within the next financial year.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOYO INK GROUP BERHAD

(COMPANY NO: 590521-D)
(INCORPORATED IN MALAYSIA)

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
Impairment assessment on goodwill The Group's goodwill balance as at 31 March 2019 stood at RM2,321,864. On an annual basis, the management is required to perform an impairment assessment on goodwill. Based on the annual assessment, the management has concluded that the impairment losses of RM5,461,327 were adequately provided during the financial year. This conclusion was based on value-in-use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth.	Our procedures in relation to management's impairment assessment included: We examined the cash flow projections which support management's goodwill impairment assessment. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budgets, and comparing expected growth rates to relevant market expectations and historical trends. We evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. We assessed the adequacy and reasonableness of the disclosures in the financial statements.
Deferred expenditures Deferred expenditures of RM358,864,944 as at 31 March 2019 relates to expenditures incurred in securing the proposed development project of the thermal power plant in Vietnam. Management has assessed the appropriateness of expenditure being capitalised and recoverability of the deferred expenditures. This involved significant management judgment about the future performance and viability of the project.	Our procedures in relation to the deferred expenditures included: We evaluated the nature of the expenditures incurred and assessed the appropriateness of capitalisation of the expenditures. We tested on a sample basis, by verifying the cost incurred such as consultancy services and overhead costs to relevant agreements, contracts, meeting minutes and invoices. We have reviewed the project budget approved by the management and the future expected cash inflow from the project to justify the recoverability of total project costs. We have learnt and discussed with the relevant consultants and lawyers on the progress and status of the key project agreements. We evaluated management's conclusion that the deferred expenditure is likely to be recovered over periods by discussing the issue with the management and obtaining an understanding of their communications with the Vietnam authority in relation to the progress of the project.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOYO INK GROUP BERHAD

(COMPANY NO: 590521-D)
(INCORPORATED IN MALAYSIA)

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related of disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOYO INK GROUP BERHAD

(COMPANY NO: 590521-D)
(INCORPORATED IN MALAYSIA)

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

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 03168/12/2019 J
Chartered Accountant

KUALA LUMPUR

24 July 2019

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-Current Assets					
Property, plant and equipment	4	17,449,621	31,273,188	-	-
Investment property		-	-	-	-
Investment in subsidiary companies	5	-	-	31,611,684	31,611,684
Investment in an associate company	6	651,166	655,084	-	-
Development costs	7	123,044	-	-	-
Goodwill on consolidation	8	2,321,864	7,783,191	-	-
Deferred expenditures	9	358,864,944	341,412,221	-	-
		379,410,639	381,123,684	31,611,684	31,611,684
Current Assets					
Inventories	10	13,424,102	12,726,713	-	-
Trade receivables	11	20,815,663	20,444,513	-	-
Other receivables	12	1,554,251	1,689,520	2,404	1,250
Amount due from a subsidiary company	13	-	-	76,430,350	75,668,093
Tax recoverable		427,445	484,027	76,363	31,712
Fixed deposit with a licensed bank	14	21,233	20,617	-	-
Cash and bank balances		14,081,394	4,152,883	54,988	8,088
		50,324,088	39,518,273	76,564,105	75,709,143
Non-current assets classifed as held for sale	15	3,170,583	1,618,750	-	-
		53,494,671	41,137,023	76,564,105	75,709,143
Total Assets		432,905,310	422,260,707	108,175,789	107,320,827
Equity					
Share capital	16	101,115,000	98,868,000	101,115,000	98,868,000
Reserves	17	20,114,525	18,814,170	6,856,467	8,329,494
Equity attributable to owners of the parent		121,229,525	117,682,170	107,971,467	107,197,494
Non-controlling interests		(2)	(2)	-	-
Total Equity		121,229,523	117,682,168	107,971,467	107,197,494
Non-Current Liabilities					
Other payables	18	285,046,166	268,739,600	-	-
Finance lease liabilities	19	160,323	313,640	-	-
Bank borrowings	20	1,534,672	7,427,027	-	-
Deferred tax liabilities	21	1,063,719	1,077,200	-	-
		287,804,880	277,557,467	-	-

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Current Liabilities					
Trade payables	22	12,984,725	11,605,321	-	-
Other payables	18	4,914,637	3,672,277	73,659	123,333
Amount due to Directors	23	80,000	80,000	-	-
Finance lease liabilities	19	184,924	192,418	-	-
Bank borrowings	20	5,572,028	11,171,515	-	-
Tax payable		134,593	299,541	130,663	-
		23,870,907	27,021,072	204,322	123,333
Total Liabilities		311,675,787	304,578,539	204,322	123,333
Total Equity and Liabilities		432,905,310	422,260,707	108,175,789	107,320,827

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Revenue	24	91,122,999	86,373,547	2,720,000	1,240,000
Cost of sales		(72,905,776)	(69,531,948)	-	-
Gross profit		18,217,223	16,841,599	2,270,000	1,240,000
Other income		10,659,283	1,596,375	-	-
Selling and distribution costs		(8,246,868)	(7,749,423)	-	-
Administrative expenses		(13,561,163)	(7,734,269)	(745,364)	(464,650)
Profit from operations		7,068,475	2,954,282	1,974,636	775,350
Finance costs	25	(919,419)	(1,132,295)	-	-
Share of results of associate company		(3,918)	6,070	-	-
Profit before tax	26	6,145,138	1,828,057	1,974,636	775,350
Taxation	27	(1,527,781)	(937,168)	(130,663)	20,200
Profit for the financial year, representing total comprehensive income financial year		4,617,357	890,889	1,843,973	795,550
Profit for the financial year attributable to:					
Owners of the parent		4,617,357	890,889	1,843,973	795,550
Total Comprehensive Income attributable to:					
Owners of the parent		4,617,357	890,889	1,843,973	795,550
Earnings/(Loss) per share (sen)					
Basic	28(a)	4.32	0.83		
Diluted	28(b)	N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Attributable to Owners of the Company							
	Non-distributable				Distributable			
Group	Share Capital RM	Warrant Reserve RM	Translation Reserve RM	Reserve of Disposal Group Classified as Held for Sale RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
At 1 April 2017	98,868,000	8,132,000	175,967	268,271	9,365,833	116,810,071	3,029,023	119,839,094
Net profit for the financial year representing total comprehensive income for the financial year	-	-	-	-	890,889	890,889	-	890,889
Transactions with owners:								
Acquisition of additional interest from non-controlling interests	-	-	-	-	425,448	425,448	(1,425,448)	(1,000,000)
Disposal of subsidiary companies	-	-	(175,967)	(268,271)	-	(444,238)	(1,603,577)	(2,047,815)
At 31 March 2018	98,868,000	8,132,000	-	-	10,682,170	117,682,170	(2)	117,682,168

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Attributable to Owners of the Company					
		Non-distributable		Distributable			
Group	Note	Share Capital RM	Warrant Reserve RM	Retained Profits RM	Total RM	Non-controlling interest RM	Total Equity RM
At 1 April 2018		98,868,000	8,132,000	10,682,170	117,682	(2)	117,682,168
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	4,617,357	4,617,357	-	4,617,357
Transactions with owners:							
Expiry of warrants A	17	8,132,000	(8,132,000)	-	-	-	-
Issuance of warrants B	17	(5,885,000)	5,885,000	-	-	-	-
Dividend paid	30	-	-	(1,070,002)	(1,070,002)	-	(1,070,002)
At 31 March 2019		101,115,000	5,885,000	14,229,525	121,229,525	(2)	121,229,523

		Attributable to Owners of the Company			
		Non-distributable		Distributable	
Company	Note	Share Capital RM	Warrant Reserve RM	(Accumulated losses)/ Retained earnings RM	Total Equity RM
At 1 April 2017		98,868,000	8,132,000	(598,056)	106,401,944
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	795,550	795,550
At 31 March 2018		98,868,000	8,132,000	197,494	107,197,494
At 1 April 2018		98,868,000	8,132,000	197,494	107,197,494
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	1,843,973	1,843,973
Expiry of warrants A	17	8,132,000	(8,132,000)	-	-
Issuance of warrants B	17	(5,885,000)	5,885,000	-	-
Dividend paid	30	-	-	(1,070,002)	(1,070,002)
At 31 March 2019		101,115,000	5,885,000	971,467	107,971,467

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows From Operating Activities				
Profit before tax	6,145,138	1,828,057	1,974,636	775,350
Adjustments for:				
Bad debts written off	5,314	37,231	-	-
Dividend income from subsidiary companies	-	-	(2,000,000)	(1,000,000)
Depreciation of property, plant and equipment	1,292,340	1,421,138	-	-
Gain on disposal of property, plant and equipment	(8,124,596)	(80,448)	-	-
Gain on disposal of non-current assets held for sale	(2,311,250)	(135,340)	-	-
Impairment loss of goodwill	5,461,327	955,451	-	-
Interest expense	919,419	1,132,295	-	-
Interest income	(11,175)	(15,482)	-	-
Inventories written down	50,000	-	-	-
Property, plant and equipment written off	622,156	1,069	-	-
Gain on disposal of subsidiary companies	-	(424,396)	-	-
Share of results of associate company	3,918	(6,070)	-	-
Unrealised gain on foreign exchange	(74,324)	(74,307)	-	-
Operating profit/(loss) before working capital changes	3,978,267	4,639,198	(25,364)	(224,650)
Changes in working capital:				
Inventories	(747,389)	(253,874)	-	-
Trade receivables	(371,692)	(3,466,489)	-	-
Other receivables	132,266	318,289	(1,154)	2,538
Trade payables	1,433,581	1,570,247	-	-
Other payables	1,245,719	(1,626,513)	(49,674)	11,568
	1,692,485	(3,458,340)	(50,828)	14,106
Cash generated from/(used in) operations	5,670,752	1,180,858	(76,192)	(210,544)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest paid		(919,419)	(1,132,295)	-	-
Interest received		11,175	15,482	-	-
Tax paid		(1,955,110)	(1,333,668)	(65,893)	(21,242)
Tax refund		305,482	174,214	21,242	-
		(2,557,872)	(2,276,267)	(44,651)	(21,242)
Net cash from / (used in) operating activities		3,112,880	(1,095,409)	(120,843)	(231,786)
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4(d)	(964,072)	(1,241,494)	-	-
Addition to deferred expenditures	9	(17,452,723)	(34,055,428)	-	-
Advance to a subsidiary company		-	-	(762,257)	(633,312)
Acquisition of interests of non-controlling interests	5(b)	-	(1,000,000)	-	-
Addition to research and development expenditure	7	(123,044)	-	-	-
Dividend received		-	-	2,000,000	1,000,000
Net cash inflows from disposal of subsidiary companies	5(a)	-	426,214	-	-
Proceeds from disposal of property, plant and equipment		18,047,656	439,269	-	-
Proceeds from disposal of non-current assets held for sale		3,930,000	300,000	-	-
Net cash from/(used in) investing activities		3,437,817	(35,131,439)	1,237,743	366,688
Cash Flows From Financing Activities					
Advances from other payables		16,306,566	38,974,000	-	-
Repayment to Directors		-	(150,000)	-	(150,000)
Net changes in bankers' acceptance		(1,359,000)	(3,293,000)	-	-
Dividend paid		(1,070,002)	-	(1,070,000)	-
Repayment of finance lease liabilities		(381,311)	(110,491)	-	-
Repayment of term loans		(6,210,660)	(538,259)	-	-
Decreased/ (Increased) in pledged deposits		20,617	(553)	-	-
Net cash from/ (used in) financing activities		7,306,210	34,881,697	(1,070,000)	(150,000)
Net (increase)/decrease in cash and cash equivalents		13,856,907	(1,345,151)	46,900	(15,098)
Effect of exchange rate fluctuation		15,019	16,826	-	-
Cash and cash equivalents at beginning of the financial year		(777,066)	551,259	8,088	23,186
Cash and cash equivalents at end of the financial year		13,094,860	(777,066)	54,988	8,088
Cash and cash equivalents at end of the financial year comprise:					
Cash and bank balances		14,081,394	4,152,883	54,988	8,088
Fixed deposits with a licensed bank		21,233	20,617	-	-
Bank overdrafts		(1,007,767)	(4,929,949)	-	-
		13,094,860	(756,449)	54,988	8,088
Less: Fixed deposit pledged with a licensed bank		-	(20,617)	-	-
		13,094,860	(777,066)	54,988	8,088

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 its subsidiary companies are disclosed in Note 5. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies 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, 2016 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.

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:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4*	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle: Amendments to MFRS 1	
Annual Improvements to MFRSs 2014 – 2016 Cycle: Amendments to MFRS 128	

Note:
* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision.

There is no financial impact on the Group's and Company's financial statements.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The new impairment model applies to financial assets measured at amortised cost, debt instruments at FVTOCI, contract assets and financial guarantee contracts. The Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

(c) Effect of changes in classification and measurement of financial assets on 1 April 2018

	As at 31.3.2018 **RM**	**Reclassification to MFRS 9** **AC** **RM**
Group		
Financial assets		
Loan and receivables		
Trade and other receivables	21,074,443	21,074,443
Deposit, cash and bank balances	4,173,500	4,173,500
	25,247,943	25,247,943
Company		
Financial assets		
Loan and receivables		
Amount due from a subsidiary company	75,668,093	75,668,093
Cash and bank balance	8,088	8,088
	75,676,181	75,676,181

The adoption of MFRS 9 results in changes in accounting policies for financial instruments. The Group and the Company have implemented the new classification and measurement and impairment rules under MFRS 9. The impact of reclassification and the calculation of ECL has no material impact to the financial statements of the Group and of the Company, and the standard has thus been implemented without adjusting the opening balance at 1 April 2018.

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The adoption of MFRS15 has no material financial impact other than the disclosures made in the financial statements.

Standards issued but not yet effective

The Group and Company have not applied the following new MFRSs, new interpretations 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 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associate and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
Amendments to MFRS 3		1 January 2019
Amendments to MFRS 11		1 January 2019
Amendments to MFRS 112		1 January 2019
Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendment to MFRS 3 Definitions of a Business		1 January 2020
Amendments to MFRS 101 Definitions of a Material		1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associates or Joint Ventures	Deferred until further notice

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

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

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.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These 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 thousand 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

The following are the judgements made by management in the process of applying the Group’s accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Deferred expenditures</u>

Deferred expenditures include 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 9.

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:

<u>Useful lives of property, plant and equipment (Note 4)</u>

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.

<u>Impairment of goodwill on consolidation</u>

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 8.

<u>Impairment of investment in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 5.

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 10.

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 tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 March 2019, the Group has tax recoverable and payable of RM427,445 (2018: RM484,027) and RM134,593 (2018: RM299,541) respectively. The Company has tax recoverable and payable of RM76,363 (2018: RM31,712) and RM130,663 (2018: Nil) respectively.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

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 company 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 in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's 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.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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.

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 statement, investment in subsidiary companies is 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(o)(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(o)(i) to the financial statements on impairment of non-financial assets.

(b) Investment in an associate company

An associate company 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 company, 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 company's profit or loss for the period in which the investment is acquired.

An associate company is equity accounted for from the date on which the investee becomes an associate company. Under the equity method, on initial recognition the investment in an associate company 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 company after the date of acquisition. When the Group's share of losses in an associate company 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 company.

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

The financial statements of the associate company 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 any additional impairment loss with respect to its net investment in the associate company. 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 company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate company 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, investment in associate company is 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(o)(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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

(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 translation reserve 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 translation reserve 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 company 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 for the recognition and measurement of impairment is in accordance with Note 3(o).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset 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. Property, plant and equipment under construction 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 land and 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, and signboard	10 - 20%

The residual values, useful lives and depreciation method are reviewed at each reporting 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) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

(g) Leases

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

<u>As lessee</u>

(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 as 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 lease

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.

<u>As lessor</u>

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Development costs

(i) Internally-generated intangible assets - Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:
- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

Expenditure on research activities, undertaken with the prospect of gaining any new technical knowledge and understanding, is recognised in profit and loss as incurred.

Expenditure on development activities, whereby the application of research finds are applied to a plan or design for the production of new products, is capitalised only if the development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset.

The development expenditure being capitalised included the cost of materials, direct labour and overhead cost that are directly attributable to preparing the asset for its intended use.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(i) Financial assets

Policy applicable from 1 April 2018

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and amount due from immediate holding company.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequentl measured using effective interest (EIR) method and are subject to impairment. Gans and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income (“FVTOCI”)

The Group and the Company have not designated any financial assets as FVTOCI.

(c) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets as FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

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 assets is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 April 2018

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 following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets (Cont'd)

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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 or sales of financial assets are recognised and 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 profit or loss.

(j) Financial liabilities

Policy applicable from 1 April 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is 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.

Policy applicable before 1 April 2018

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 their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities measured at amortised cost

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

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

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.

(k) Financial guarantee contracts

Policy applicable before 1 April 2018

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to

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financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(l) 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.

(m) Inventories

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

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are 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) are stated on a weighted average basis.

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

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the of the Group’s cash management.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, accrued billing and deferred tax assets) 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.

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

Policy applicable from 1 April 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 April 2018

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, 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.

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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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(p) Share capital

Ordinary shares

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 proceeds received, net of directly attributable incremental transaction costs. 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.

(q) 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 expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period 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 contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. 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.

(s) Revenue recognition

(i) Revenue from contract with customer

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group manufactures and sell EDM cut wires and industrial ink. Revenue from sale of goods is recognised when control of the products has transferred, being at the point the customer purchases the goods and accepts the delivery of the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Revenue are made within a credit term of 30 to 120 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer purchase the goods and accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(ii) Interest income

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

(iii) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(iv) Dividend income

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

(t) 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.

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(u) 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 statement 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, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. 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.

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

(v) 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.

(w) 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.

4. Property, Plant and Equipment

Group 2019 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	Total RM
At 1 April 2018	17,406,253	14,864,788	15,375,361	1,198,450	1,993,328	2,541,350	53,379,530
Additions	-	-	690,210	82,416	87,463	324,483	1,184,572
Disposals	(9,602,154)	-	(561,775)	(60,000)	-	-	(10,223,929)
Reclassified to non-current assets held for sale (Note 15)	(3,170,583)	-	-	-	-	-	(3,170,583)
Reclassification	-	-	12,425	-	(12,425)	-	-
Written off	-	-	(1,906,464)	-	(85,129)	(421,683)	(2,413,276)
At 31 March 2019	4,633,516	14,864,788	13,609,757	1,220,866	1,983,237	2,444,150	38,756,314
Accumulated depreciation							
At 1 April 2018	453,126	3,520,167	13,446,803	974,724	1,641,402	2,070,120	22,106,342
Charge for the financial year	30,734	261,306	693,699	85,535	132,985	88,081	1,292,340
Disposals	-	-	(273,869)	(27,000)	-	-	(300,869)
Written off	-	-	(1,404,984)	-	(75,526)	(310,610)	(1,791,120)
At 31 March 2019	483,860	3,781,473	12,461,649	1,033,259	1,698,861	1,847,591	21,306,693
Carrying amount							
At 31 March 2019	4,149,656	11,083,315	1,1148,108	187,607	284,376	596,559	17,449,621

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

Group 2018 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	Total RM
At 1 April 2017	17,406,253	16,964,788	15,708,682	1,170,967	1,770,089	2,318,059	55,338,838
Additions	-	-	1,135,750	84,518	263,497	232,578	1,716,343
Disposals	-	-	(1,466,831)	(57,035)	(18,962)	-	(1,542,828)
Reclassified to non-current assets held for sale (Note 15)	-	(2,100,000)	-	-	-	-	(2,100,000)
Written off	-	-	(2,240)	-	(21,296)	(9,287)	(32,823)
At 31 March 2018	17,406,253	14,864,788	15,375,361	1,198,450	1,993,328	2,541,350	53,379,530
Accumulated depreciation							
At 1 April 2017	422,393	3,718,238	13,726,395	950,713	1,554,191	2,010,285	22,382,215
Charge for the financial year	30,733	283,179	839,782	81,046	118,326	68,072	1,421,138
Disposals	-	-	(1,117,137)	(57,035)	(9,835)	-	(1,184,007)
Reclassified to non-current assets held for sale (Note 15)	-	(481,250)	-	-	-	-	(481,250)
Written off	-	-	(2,237)	-	(21,280)	(8,237)	(31,754)
At 31 March 2018	453,126	3,520,167	13,446,803	974,724	1,641,402	2,070,120	22,106,342
Carrying amount							
At 31 March 2018	16,953,127	11,344,621	1,928,558	223,726	351,926	471,230	31,273,188

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 20 are as follows:

	Group	
	2019 **RM**	**2018** **RM**
Freehold land and buildings	5,878,391	16,453,126
Leasehold land and buildings	10,561,495	11,344,621
	16,439,886	27,797,747

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

	Group	
	2019 **RM**	**2018** **RM**
Plant and machinery	279,870	388,046
Motor vehicles	107,362	106,625
	387,232	494,671

(c) The remaining lease term of the leasehold land and buildings of the Group range from 65 to 80 (2018: 57 to 81) years.

(d) The aggregate additional cost for the property, plant and equipment of the Group under finance lease financing and cash payments are as follows:

	Group	
	2019 **RM**	**2018** **RM**
Aggregate costs	1,184,572	1,716,343
Less: Finance lease financing	(220,500)	(474,849)
Cash payment	964,072	1,241,494

5. Investment in Subsidiary Companies

	Company	
In Malaysia: **At cost**	**2019** **RM**	**2018** **RM**
Unquoted share	31,611,684	31,611,684

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5. **Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Direct subsidiary company				
*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 litography and allied industries.
Toyo Energy Sdn. Bhd. (formerly known as Toyo Dai-Nichi Ink Sdn. Bhd.)	Malaysia	99.99	99.99	Undertaking the operation of electric power transimission system, investment holding and general trade and manufacture of agriculture products.
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.
⌂ EDM Machinig Solutions (M) Sdn. Bhd. (formerly knows as Elo Dunia Manufacturing (M) Sdn. Bhd.)	Malaysia	100	100	Manufacturing and fabrication of metal and graphite parts.
⌂ INMAC EDM-Tools (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of EDM cut-wires.
⌂ 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.

* *The auditors' report of TISB contains 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 20 and registered in the name of Amsec Nominees (Tempatan) Sdn. Bhd.*

5. **Investment in Subsidiary Companies (Cont'd)**

In previous financial year

(a) Disposal of subsidiary companies

In previous financial year, the Group completed the disposal of PT Elo Dunia Manufacturing Indonesia ("PTEDMI").

In previous financial year, the subsidiary company of the company, Toyo Ink Sdn Bhd. deregistered one of its subsidiary company, EDM-Tools (S) Pte. Ltd. ("ESPL") from the Accounting and Corporate Regulatory Authority of Singapore.

The effect of the disposal of PTEDMI and ESPL on the financial position of the Group as at the date of disposal was as follows:

	2017 RM
Property, plant and equipment	1,011,694
Inventories	442,177
Trade receivables	213,386
Other receivables	540,303
Cash and bank balances	912,331
Other payables	(141,992)
Deferred tax liabilities	(15,935)
Net assets	2,961,964
Less: Non-controlling interests	(1,603,577)
Translation reserve	(444,238)
Total net assets disposed	914,059
Proceeds from disposal	(1,338,545)
Gain on disposal	(424,486)
Proceeds from disposal	1,338,545
Less: cash and bank balances disposed	(912,331)
Net cash inflows from disposal	426,214

Acquisition of non-controlling interests

On 15 February 2017, the subsidiary company of the Company, Toyo Ink Sdn. Bhd. entered into a Share Sale Agreement ("SSA") with minority shareholder to acquire additional 39.99% equity interest in Toyo Dai-Nichi Ink Sdn. Bhd. ("TDISB") for RM1,000,000 in cash, increasing its ownership from 60% to 99.99%. As at 31 March 2018, the acquisition was completed.

The effect of change in the equity interest in TDISB that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interests acquired	1,425,448
Consideration paid to non-controlling interests	(1,000,000)
Increase in parent's equity	425,448

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 2019

6. **Investment in an Associate Company**

	Group	
	2019 RM	2018 RM
At cost		
Unquoted shares outside Malaysia	309,751	309,751
Share of post-acquisition results	122,953	126,871
Adjustment for exchange gain arising on year end translation of investment in foreign associated company	218,462	218,462
	651,166	655,084
Represented by:		
Share of net assets of associated company	698,660	702,578
Discount on acquisition	(47,494)	(47,494)
	651,166	655,084

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interests 2019 %	Effective equity interests 2018 %	Principal activities
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

	2019 RM	2018 RM
Non-current assets	1,395,974	1,395,974
Current assets	7,499	18,852
Current liabilities	(6,153)	(9,670)
Net assets	1,397,320	1,405,156
Interest in associate company	50%	50%
Group's share of net assets	698,660	702,578
Discount on acquisition	(47,494)	(47,494)
Carrying value of Group's interest in an associate company	651,166	655,084

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

	2019 RM	2018 RM
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year	(7,835)	12,140

7. Development costs

	Group	
	2019 RM	2018 RM
At 1 April 2017/2018	-	-
Addition	123,044	-
At 31 March	123,044	-

Description of intangible asset

Expenditure on development activities are undertaken with the prospect of a new robotic Automation Integration System and CNC Milling Machining Center. The expenditure being capitalised during the financial year included the cost of materials, direct labour and overhead cost that are directly attributable to preparing the research and development asset for its intended use.

Impairment testing for development expenditure capitalised

The key assumptions used for development expenditures value-in-use calculations are as follows:

	Group	
	2019 %	2018 %
Gross margin	25-66	-
Growth rate	50-60	-
Discount rate	6	-

The management is not aware of any reasonably possible charge in the above key assumptions that would cause the carrying amounts of the development expenditure to materially exceed their recoverable amounts.

8. Goodwill on Consolidation

	Group	
	2019 RM	2018 RM
At cost	17,496,312	17,496,312
Less: Accumulated impairment losses	(15,174,448)	(9,713,121)
	2,321,864	7,783,191

Movement in the allowance for impairment losses of goodwill on consolidation are as follows:

	Group	
	2019 RM	2018 RM
At 1 April 2017/2018	9,713,121	8,757,670
Impairment loss recognised	5,461,327	955,451
At 31 March	15,174,448	9,713,121

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

8. **Goodwill on Consolidation (Cont'd)**

Impairment testing for cash-generating units ("CGU") containing goodwill

The aggregate carrying amount of goodwill allocated to each subsidiary company is as follows:

	Group	
	2019 RM	2018 RM
Toyo Ink (Perak) Sdn. Bhd.	43,307	43,307
Inmac EDM-Tools (M) Sdn. Bhd.	-	5,461,327
EDM-Tools (M) Sdn. Bhd.	1,650,367	1,650,367
EDM Machining Solutions (M) Sdn. Bhd. (Formerly known as Elo Dunia Manufacturing (M) Sdn. Bhd.)	628,190	628,190
	2,321,864	7,783,191

The recoverable amount was determined based on value-in-use, determined by discounted future cash flows covering a five-year period at RM2,321,864 (2018: RM7,783,191). Therefore, an impairment loss of RM5,461,327 (2018: RM955,451) was recognised during the financial year.

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

	Group	
	2019 %	2018 %
Gross margin	14 - 18	13 - 27
Growth rate	4 - 26	4 - 12
Discount rate	6	6

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

9. **Deferred Expenditures**

	Group	
	2019 RM	2018 RM
At 1 April 2017/2018	341,412,221	307,356,793
Addition	17,452,723	34,055,428
At 31 March	358,864,944	341,412,221

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

The payments of the deferred expenditures was majorly financed by the advances received from other payables of RM285,046,166 (2018: RM268,739,600) as disclosed in Note 18.

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.

9. **Deferred Expenditures (Cont'd)**

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 Thermal 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 Thermal Power Plant Project, capacity of 2 x 600MW; Song Hau 2 and 3 Thermal 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.

On 18 October 2012, the Company had made an official request to Government of Vietnam and MOIT 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 MOIT, Project Agreements, BOT Agreement, Power Purchase Agreement, Fuel Supply Agreements, Land Lease Agreement, Government Guarantee, Financing Plan, Engineering Procurement and Construction Contract;

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

9. **Deferred Expenditures (Cont'd)**

(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 drawndown 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 l 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.

Further to the MOU signed on 1 August 2013, the Company and MOIT had signed the agreement on extension of the Memorandum of Understanding ("MOU Extension") on 28 November 2016 and the MOU shall continue in effect until the signing of the Investment Agreement.

On 16 January 2017, the Company entered into a Memorandum of Agreement ("MOA") with the Department of Natural Resources and Environment of Hau Giang Province ("Hau Giang DONRE") to confirm their agreement to the terms and conditions of the Land Lease Agreement ("LLA") on the lease of the project site land for the development of Project.

On 29 May 2017, MOIT had given the approval to the Company for adjusting the scale capacity of the Build-Operate-Transfer ("BOT") Song Hau 2 Thermal Power Plant Project from 2x1000 MW to 2x1060 MW.

On 14 May 2018, the Company had signed a Memorandum of Agreement with coal supplier in relation to the coal supply and transportation for the project.

On 24 September 2018, The Company entered into a new Memorandum of Agreement ("MOA") with the Department of Natural Resources and Environment of Hau Giang Province ("Hau Giang DONRE") in relation to the Land Lease Agreement ("LLA") for the development of the project site land for the development of Project.

The management is currently in the midst of finalisation of the Shared Facilities and Shared Services Agreement, BOT Agreement, Power Purchase Agreement as well as the other project agreements ("relevant 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 2022/2023. 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 finalisation of the Power Purchase Agreement 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 Shared Facilities and Shared Services Agreement, BOT agreement, Coal Supply agreement, Land Lease Agreement, Power Purchase Agreement 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.

10. Inventories

	Group	
At Cost	**2019 RM**	**2018 RM**
Raw materials	3,707,676	2,591,130
Finished goods	6,542,147	8,770,860
Goods in transit	1,209,285	3,665
Tools and consumables	1,235,204	-
Trading merchandise	629,790	1,361,058
	13,324,102	12,726,713
At net realisable value		
Finished goods	100,000	-
	13,424,102	12,726,713
Recognised in profit or loss:		
Inventories recognised as cost of sales	65,178,003	59,605,616
Inventories written down	50,000	-

11. Trade Receivables

	Group	
	2019 RM	**2018 RM**
Trade receivables	20,815,663	20,444,513

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2018: 30 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

31.03.2019	**Gross Amount RM**	**Loss Allowance RM**	**Net Amount RM**
Neither past due nor impaired	10,494,360	-	10,494,360
Past due not impaired:			
Less than 30 days	3,751,170	-	3,751,170
31 to 60 days	2,346,318	-	2,346,318
61 to 90 days	1,426,071	-	1,426,071
More than 90 days past due	2,797,744	-	2,797,744
	10,321,303	-	10,321,303
	20,815,663	-	20,815.663

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

31.03.2018	**Gross Amount RM**	**Loss Allowance RM**	**Net Amount RM**
Neither past due nor impaired	6,483,107	-	6,483,107
Past due not impaired:			
Less than 30 days	4,828,505	-	4,828,505
31 to 60 days	4,601,771	-	4,601,771
61 to 90 days	4,531,130	-	4,531,130
	13,961,406	-	13,961,406
	20,444,513	-	20,444,513

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

As at 31 March 2019, trade receivables of RM10,321,303 (2018: RM13,961,406) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

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12. Other Receivables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	53,946	400,114	-	-
Deposits	533,396	229,816	1,104	-
Prepayments	966,909	1,059,590	1,300	1,250
	1,554,251	1,689,520	2,404	1,250

13. Amount Due from a subsidiary Company

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

14. Fixed Deposit with a Licensed Bank

The interest rate of deposit is 2.95% (2018: 2.90%) per annum and the maturity of the deposit is 30 days (2018: 30 days).

In previous financial year, the fixed deposite was pledged with a license bank as security for bank guarantee issued.

15. Non-Current Assets Classified as Held for Sale

Property, plant and equipment that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

	Group	
	2019 RM	2018 RM
At carrying amount		
At 1 April 2017/2018	1,618,750	164,660
Reclassified from property, plant and equipment (Note 4)	3,170,583	1,618,750
Disposal	(1,618,750)	(164,660)
At 31 March	3,170,583	1,618,750

On 21 January 2018, an indirect interest subsidiary company, Toyo Dai-Nichi Ink Sdn. Bhd. entered into a sales and purchase agreement ("SPA") with a third party to dispose of its leasehold land and industrial building for cash consideration of RM3,930,000. The sale is completed during the financial year.

On 15 May 2018, a wholly owned subsidiary company, EDM Tools (M) Sdn. Bhd. entered into a SPA with a third party to dispose a piece of vacant industrial land for consideration of RM4,983,792. As at 31 March 2019, the conditions precedent as set out in the SPA have yet to be fulfilled.

16. Share Capital

	Group and Company			
	Number of shares		Amount	
Issued and fully paid	2019 Unit	2018 Unit	2019 RM	2018 RM
Ordinary shares	107,000,000	107,000,000	98,868,000	107,000,000
Less: (Allocation)/Reversal of proceeds to warrant reserves	-	-	2,247,000	(8,132,000)
At 1 April/31 March	107,000,000	107,000,000	101,115,000	98,868,000

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.

17. Reserves

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable				
Warrant reserve	5,885,000	8,132,000	5,885,000	8,132,000
Distributable				
Retained profits	14,229,525	10,682,170	971,467	197,494
	20,114,525	18,814,170	6,856,467	8,329,494

(a) Warrant Reserves

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 April 2017/2018	8,132,000	8,132,000	8,132,000	8,132,000
Expiry of warrants A	(8,132,000)	-	(8,132,000)	-
Issuance of warrant B	5,885,000	-	5,885,000	-
At 31 December	5,885,000	8,132,000	5,885,000	8,132,000

Warrant reserve represents reserve allocated to free detachable warrants issued with existing and new issue of Company's share.

Warrant A

In financial year 2013, the Company issued 42,800,000 free 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").

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 20 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 Warrant which has 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;

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17. Reserves (Cont'd)

(iv) For purpose of trading on Main Market of Bursa Malaysia Securities Berhad ("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.

Up to the date of expiry, none of the 42,800,000 (31.03.2018:42,800,000) warrants were exercised and hence, have become invalid. As such, the reserve of RM8,132,000 was reversed against share capital.

Warrant B

During the year, the Company issued 53,499,995 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares in the Company and the Warrants are quoted and listed on the Main Board of Bursa Securities on 9 November 2018. The Warrants are constituted by the deed poll dated 22 October 2018 ("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 value of the Warrants is determined using the available market data for the Warrants on the date the warrants are issued.

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:

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 6 November 2023 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

At the expiry of the Exercise Period, any Warrant which has not been exercised shall automatically lapse and cease to be valid for any purpose;

(i) 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;

(ii) For purpose of trading on Main Market of Bursa Malaysia Securities Berhad ("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

(iii) 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 2019, 53,499,995 Warrants remained unexercised.

18. Other payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current				
Other payables	285,046,166	268,739,600	-	-
Current				
Other payables	1,909,763	1,956,811	-	-
Accruals	2,447,830	1,156,316	73,659	123,333
Deposits and prepayment received	557,044	559,150	-	-
	4,914,637	3,672,277	73,659	123,333
Total other payables	289,960,803	272,411,877	73,659	123,333

(a) **Non-current other payables**
This represents amount 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 9.

(b) Current other payables

Included in deposits and prepayment received are as follows:

(i) an amount of RM Nil (2018: RM393,000) relating to earnest deposit received for disposal of leasehold land and industrial building that classified as non-current asset held for sale (Note 15).

19. Finance Lease Liabilities

	Group	
	2019 RM	2018 RM
Minimum lease payments		
Within one year	201,355	217,164
Between one to two years	158,853	192,703
Between two to five years	6,769	138,077
	366,977	547,944
Less: Future interest charges	(21,730)	(41,886)
Present value of minimum lease payments	345,247	506,058
Present value of minimum lease payments		
Within one year	184,924	192,418
Between one to two years	153,589	179,157
Between two to five years	6,734	134,483
	345,247	506,058
Analysed as:		
Repayable within twelve months	184,924	192,418
Repayable after twelve months	160,323	313,640
	345,247	506,058

The finance lease liabilities bear interest at rates ranging from 2.81% to 3.51% (2018: 2.70% to 3.30%) per annum.

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20. Bank Borrowings

	Group	
	2019 RM	2018 RM
Secured		
Bankers' acceptance	4,427,000	5,786,000
Bank overdrafts	1,007,767	4,929,949
Term loans	1,671,933	7,882,593
	7,106,700	18,598,542
Non-current		
Term loans	1,534,672	7,427,027
Current	4,427,000	5,786,000
Bankers' acceptance	1,007,767	4,929,949
Bank overdrafts	137,261	455,566
Term loans	5,572,028	11,171,515
	7,106,700	18,598,542

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 as disclosed in Note 4.

(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 certain subsidiary companies by way of Memorandum of Deposit of Shares and a Power of Attorney as disclosed in Note 5.

(e) Corporate guaranteed by the Company and a subsidiary company of the Company.

Effective interest rates of the bank borrowings are as follows:

	Group	
	2019 %	2018 %
Banker's acceptance	4.46-4.87	4.08-4.51
Bank overdrafts	5.10	5
Term loans	5.86-6.36	5.34-5.92

Maturity of the bank borrowings is as follows:

	Group	
	2019 RM	2018 RM
Within one year	5,572,028	11,171,515
Between one to two years	147,201	1,762,684
Between two to five years	156,645	5,664,343
After five years	1,230,826	-
	7,106,700	18,598,542

21. Deferred Tax Liabilities

	Group	
	2019 RM	**2018 RM**
At 1 April 2017/2018	1,077,200	1,141,570
Recognised in profit or loss (Note 27)	(13,481)	(64,370)
At 31 March	1,063,719	1,077,200

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

	Group	
	2019 RM	**2018 RM**
Deferred tax liabilities	1,063,719	1,145,900
Deferred tax assets	-	(68,700)
	1,063,719	1,077,200

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

Deferred tax liabilities	**Accelerated capital allowances RM**
At 1 April 2018	1,145,900
Recognised in profit or loss	(82,181)
At 31 March 2019	1,063,719
At 1 April 2017	1,220,269
Recognised in profit or loss	(74,369)
At 31 March 2018	1,145,900

Deferred tax assets	**Unabsorbed capital allowances RM**	**Unutilised tax losses RM**	**Total RM**
At 1 April 2018	-	(68,700)	(68,700)
Recognised in profit or loss	-	68,700	68,700
At 31 March 2019	-	-	-
At 1 April 2017	(1,792)	(76,907)	(78,699)
Recognised in profit or loss	1,792	8,207	9,999
At 31 March 2018	-	(68,700)	(68,700)

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

	Group	
	2019 RM	**2018 RM**
Unabsorbed capital allowances	91,885	96,651
Unutilised tax losses	2,495,493	2,578,619
	2,587,378	2,675,270

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.

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22. Trade Payables

The normal trade credit terms granted to the Group range from 60 to 150 days (2018: 60 to 150 days).

23. Amount Due to Directors

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

24. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sales of goods	91,122,999	86,373,547	-	-
Management fee	-	-	720,000	240,000
Dividend income from subsidiary companies	-	-	2,000,000	1,000,000
	91,122,999	86,373,547	2,720,000	1,240,000

The timing of revenue recognition of the Group are at a point in time.

25. Finance Costs

	Group	
	2019 RM	2018 RM
Interest expenses on:		
Finance lease liabilities	12,675	11,526
Term loans	608,547	454,643
Bank overdrafts	40,341	316,504
Bankers' acceptance	233,900	347,313
Others	23,956	2,309
	919,419	1,132,295

26. Profit Before Tax

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- statutory audit:				
- current year	169,746	160,200	40,000	40,000
- over provision in prior year	-	(2,500)	-	-
- non-statutory audit	5,000	5,000	5,000	5,000
Bad debts written off	5,314	37,231	-	-
Dividend income from subsidiary companies	-	-	(2,000,000)	(1,000,000)
Depreciation of property, plant and equipment	1,292,340	1,421,138	-	-
Non-Executive Directors' remuneration:				
- fees	55,000	265,000	30,000	30,000
- salaries and other emoluments	1,537,463	1,144,299	5,625	5,000
Impairment loss on goodwill	5,461,327	955,451	-	-
Inventories written down	50,000	-	-	-
Loss/(Gain) on foreign exchange				
- realised	69,624	(366,286)	-	-
- unrealised	(74,324)	(74,307)	-	-
Gain on disposal of property, plant and equipment	(8,124,596)	(80,448)	-	-
Gain on disposal of non-current assets held for sale	(2,311,250)	(135,340)	-	-
Gain on disposal of subsidiary companies	-	(424,396)	-	-
Property, plant and equipment written off	622,156	1,069	-	-
Rental of premises	293,496	173,851	-	-
Interest income	(11,175)	(15,482)	-	-
Management fee	-	-	(720,000)	(240,000)

27. Taxation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax expenses recognised in profit or loss:				
Current tax provision	1,013,245	1,068,750	106,660	9,000
Under/(Over) provision in prior years	19,053	(67,212)	24,003	(29,200)
Real Property Gains Tax	508,964	-	-	-
	1,541,262	1,001,538	130,663	(20,200)
Deferred tax: (Note 21)				
Origination and reversal of temporary differences	(101,495)	(94,837)	-	-
Underprovision in prior years	88,014	30,467	-	-
	(13,481)	(64,370)	-	-
Tax expenses for the financial year	1,527,781	937,168	130,663	(20,200)

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27. Taxation (Cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) 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 profit 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	6,145,138	1,828,057	1,974,636	775,350
At Malaysian statutory tax rate of 24% (2018: 24%)	1,474,833	438,734	473,913	186,084
Expenses not deductible for tax purposes	1,927,313	686,054	59,283	53,292
Income not subject to tax	(2,469,302)	(149,505)	(421,703)	(225,544)
Deferred tax assets not recognised	-	3,019	-	-
Utilisation of previously unrecognised deferred tax assets	(21,094)	(11,932)	(4,833)	(4,833)
Share of results of associate company	-	(1,457)	-	-
Under/(Over) provision of taxation in prior years	19,053	(67,212)	24,003	(29,200)
Real Property Gains Tax	508,964	9,000	-	-
Under provision of deferred tax in prior years	88,014	30,467	-	-
Tax expenses for the financial year	1,527,781	937,168	130,663	(20,200)

The Group has unabsorbed capital allowances and unutilised tax losses of approximately RM91,905 (2018: RM96,726) and RM2,480,493 (2018: RM2,578,619) respectively available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

28. Earnings Per Share

(a) Basic earnings 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	
	2018 RM	2018 RM
Profit attributable to owners of the parent	4,617,357	890,889
Weighted average number of ordinary shares in issue (unit)	107,000,000	107,000,000
Basic earnings per ordinary shares (in sen)	4.32	0.83

(b) Diluted earnings per share
The Group has no dilution in their earnings 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.

29. Staff Costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and other emoluments	11,368,442	10,429,894	90,625	84,000
Defined contribution plans	1,012,162	1,080,839	-	-
	12,380,604	11,510,733	90,625	84,000

29. Staff Costs (Cont'd)

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Executive Directors				
Company's Directors				
Fees	55,000	165,000	30,000	30,000
Salaries and other emoluments	757,430	532,750	5,625	5,000
Defined contribution plans	27,030	29,927	-	-
	839,460	727,677	35,625	35,000
Executive Directors				
Subsidiary companies' Directors				
Fees	-	100,000	-	-
Salaries and other emoluments	687,950	536,729	-	-
Defined contribution plans	65,053	44,893	-	-
	753,003	681,622	-	-
Non-Executive Directors				
Company's Directors				
Fees	165,000	265,000	120,000	120,000
Salaries and other emoluments	353,000	113,000	79,000	79,000
	518,000	378,000	199,000	199,000
Non-Executive Directors				
Subsidiary companies' Directors				
Fees	10,000	20,000	-	-
Salaries and other emoluments	107,221	102,290	-	-
	117,221	122,290	-	-
Executive Directors				
Company's Directors	839,460	727,677	35,625	35,000
Subsidiary companies' Directors	753,003	681,622	-	-
	1,592,463	1,409,299	35,625	35,000
Non-Executive Directors				
Company's Directors	518,000	378,000	199,000	199,000
Subsidiary companies' Directors	117,221	122,290	-	-
	635,221	500,290	199,000	199,000

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30. Dividends

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend recognised as distribution to ordinary shareholders of the Company:				
Interim dividends paid in respect of the financial year ended:				
- 31 March 2018 (single tier dividend of RM2.00 per ordinary share)	2	-	-	-
- 31 March 2019 (single tier dividend of RM0.01 per ordinary share)	1,070,000	-	1,070,000	-
	1,070,002	-	1,070,000	-

The Directors recommend the payment of a final single tier dividend of RM0.02 per ordinary share in respect of the current financial year ended 31 March 2019, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 March 2019.

31. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

			Non-cash changes	
2019 Group	At 1 April RM	Financing cash flow RM	New finance lease Note 4(d) RM	At 31 March RM
Other payables	268,739,600	16,306,566	-	285,046,166
Amount due to Directors	80,000	-	-	80,000
Bankers' acceptance	5,786,000	(1,359,000)	-	4,427,000
Bank overdrafts	4,929,949	(3,922,182)	-	1,007,767
Term loans	7,882,593	(6,210,660)	-	1,671,933
Finance lease liabilities	506,058	(381,311)	220,500	345,247
	287,924,200	4,433,413	220,500	292,578,113
2018 Group				
Other payables	229,765,600	38,974,000	-	268,739,600
Amount due to Directors	230,000	(150,000)	-	80,000
Bankers' acceptance	9,079,000	(3,293,000)	-	5,786,000
Bank overdrafts	5,442,299	(512,350)	-	4,929,949
Term loans	8,420,852	(538,259)	-	7,882,593
Finance lease liabilities	141,700	(110,491)	474,849	506,058
	253,079,451	34,369,900	474,849	287,924,200
Company				
Amount due to Directors	150,000	(150,000)	-	-

32. 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.

(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 13 and 23, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2019 RM	2018 RM
Transactions with subsidiary company		
Management fee received	720,000	240,000
Dividend income received	2,000,000	1,000,000

(c) Compensation of key management personnel

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, fees and other emoluments	2,137,601	1,834,769	234,625	234,000
Defined contribution plan	92,083	74,820	-	-
	2,229,684	1,909,589	234,625	234,000

33. Contingencies

	Company	
	2019 RM	2018 RM
Unsecured		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiary companies	41,220,000	49,047,000

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34. 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.

Except as indicated above, the Group is also ventured into power plant investment in Vietnam as disclosed in Note 9.

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 reviews 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.

34. Segment Information (Cont'd)

(a) Business segment

Group 2019	**Manufacturing RM**	**Trading and Investment Holding RM**	**Total RM**	**Elimination RM**	**Consolidated RM**
Revenue					
External customers	80,183,904	26,725,297	106,909,201	-	106,909,201
Inter-segment sales	2,859,028	27,652	2,886,680	(18,672,882)	(15,786,202)
Total revenue	83,042,932	26,752,949	109,795,881	(18,672,882)	91,122,999
Results					
Interest income	1,344	9,831	11,175	-	11,175
Finance costs	(754,081)	(165,338)	(919,419)	-	(919,419)
Depreciation	(1,214,636)	(144,954)	(1,359,590)	67,250	(1,292,340)
Other non-cash items	1,705,431	2,673	1,708,104	(5,461,327)	(3,753,223)
Share of results of associate company	(3,918)	-	(3,918)	-	(3,918)
Segment profit	12,351,403	3,211,365	15,562,768	(9,417,630)	6,145,138
Segment assets	443,802,467	133,731,745	577,534,212	(144,628,902)	432,905,310
Included in the measurement of segment assets are:					
Capital expenditure	1,163,648	20,924	1,184,572	-	1,184,572
Segment liabilities	396,709,446	8,098,805	404,808,251	(93,132,464)	311,675,787
Other non-cash items					
Bad debts written off	(5,314)	-	(5,314)	-	(5,314)
Inventories written-off	(50,000)	-	(50,000)	-	(50,000)
Gain on disposal of non-current assets held for sale	2,311,250	-	2,311,250	-	2,311,250
Impairment loss on goodwill	-	-	-	(5,461,327)	(5,461,327)
Property, plant and equipment written off	(619,701)	(2,455)	(622,156)	-	(622,156)
Unrealised gain on foreign exchange	69,196	5,128	74,324	-	74,324

34. Segment Information (Cont'd)

(a) Business segment

Group 2018	Manufacturing RM	Trading and Investment Holding RM	Total RM	Elimination RM	Consolidated RM
Revenue					
External customers	68,413,470	20,748,219	89,161,689	-	89,161,689
Inter-segment sales	9,648,130	2,205,107	11,853,237	(14,641,379)	(2,788,142)
Total revenue	78,061,600	22,953,326	101,014,926	(14,641,379)	86,373,547
Results					
Interest income	14,930	552	15,482	-	15,482
Finance costs	(944,874)	(187,421)	(1,132,295)	-	(1,132,295)
Depreciation	(1,351,974)	(136,414)	(1,488,388)	67,250	(1,421,138)
Other non-cash items	119,715	134,218	253,933	(531,055)	(277,122)
Share of results of associate company	-	6,070	6,070	-	6,070
Segment profit	2,660,445	1,821,708	4,482,153	(2,654,096)	1,828,057
Segment assets	425,848,290	132,746,953	558,595,243	(136,334,536)	422,260,707
Included in the measurement of segment assets are:					
Capital expenditure	1,596,572	119,771	1,716,343	-	1,716,343
Segment liabilities	385,629,968	8,800,660	394,430,628	(89,852,089)	304,578,539
Other non-cash items					
Bad debts written off	(35,985)	(1,246)	(37,231)	-	(37,231)
Gain on disposal of property, plant and equipment	80,448	-	80,448	-	80,448
Gain on disposal of non-current assets held for sales	-	135,340	135,340	-	135,340
Gain on disposal of subsidairy companies	-	-	-	424,396	424,396
Impairment loss on goodwill	-	-	-	(955,451)	(955,451)
Property, plant and equipment written off	978	91	1,069	-	1,069
Unrealised gain on foreign exchange	74,274	33	74,307	-	74,307

34. 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.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	91,122,999	86,373,547	74,040,366	80,848,486	1,184,572	1,716,343
Vietnam	-	-	358,864,944	341,412,221	-	-
	91,122,999	86,373,547	432,905,310	422,260,707	1,184,572	1,716,343

35. 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:

Group	At amorised cost RM	Total RM
2019		
Financial Assets		
Trade receivables	20,815,663	20,815,663
Other receivables	587,342	587,342
Fixed deposit with a licensed bank	21,233	21,233
Cash and bank balances	14,081,394	14,081,394
	35,505,632	35,505,632
Financial Liabilities		
Trade payables	12,984,725	12,984,725
Other payables	289,960,803	289,960,803
Amount due to Directors	80,000	80,000
Finance lease liabilities	345,247	345,247
Bank borrowings	7,106,700	7,106,700
	310,477,475	310,477,475

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35. Financial Instruments (Cont'd)

	At amorised cost RM	Total RM
Company		
2019		
Amount due from a subsidiary company	76,430,350	76,430,350
Cash and bank balances	54,988	54,988
	76,485,338	76,485,338
Financial Liabilities		
Other payables	73,659	73,659

	Loans and receivables RM	Other financial liabilities measured at amortised cost RM	Total RM
Group			
2018			
Financial Assets			
Trade receivables	20,444,513	-	20,444,513
Other receivables	629,930	-	629,930
Fixed deposit with a licensed bank	20,617	-	20,617
Cash and bank balances	4,152,883	-	4,152,883
	25,247,943	-	25,247,943
Financial Liabilities			
Trade payables	-	11,605,321	11,605,321
Other payables	-	272,411,877	272,411,877
Amount due to Directors	-	80,000	80,000
Finance lease liabilities	-	506,058	506,058
Bank borrowings	-	18,598,542	18,598,542
	-	303,201,798	303,201,798
Company			
2018			
Financial Assets			
Amount due from a subsidiary company	75,668,093	-	75,668,093
Cash and bank balances	8,088	-	8,088
	75,676,181	-	75,676,181
Financial Liability			
Other payables	-	123,333	123,333

(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.

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(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 RM7,106,700 (2018: RM18,598,542), 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 RM55,000 (2018: RM55,000). 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 due. 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 is 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.

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35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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.

Group 2019	**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**
Non-derivative financial liabilities						
Trade payables	12,984,725	-	-	-	12,984,725	12,984,725
Other payables	4,914,637	285,046,166	-	-	289,960,803	289,960,803
Amount due to Directors	80,000	-	-	-	80,000	80,000
Finance lease liabilities	201,355	158,853	6,769	-	366,977	345,247
Bank borrowings	5,572,028	240,768	1,546,506	-	7,359,302	7,106,700
	23,752,745	285,445,787	1,553,275	-	310,751,807	310,477,475
Group 2018						
Non-derivative financial liabilities						
Trade payables	11,605,321	-	-	-	11,605,321	11,605,321
Other payables	3,672,277	268,739,600	-	-	272,411,877	272,411,877
Amount due to Directors	80,000	-	-	-	80,000	80,000
Finance lease liabilities	217,164	192,703	138,077	-	547,944	506,058
Bank borrowings	11,171,515	1,783,836	5,800,287	-	18,755,638	18,598,542
	26,746,277	270,716,139	5,938,364	-	303,400,780	303,201,798

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)
(ii) Liquidity risk (Cont'd)

Company	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 amouant RM
2019						
Non-derivative financial liabilities						
Other payables	73,659	-	-	-	73,659	73,659
2018						
Non-derivative financial liabilities						
Other payables	123,333	-	-	-	123,333	123,333

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2019

35. 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"), Singapore Dollar ("SGD"), Indonesia Rupiah ("IDR"), Swiss Franc ("CHF"), Japanese Yen ("JPY"), Euro ("EURO"), 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:

	Denominated in							
	USD RM	SGD RM	IDR RM	CHF RM	JPY RM	EURO RM	RMB RM	Total RM
Group 2019								
Financial Assets								
Trade receivables	404,282	13,976	-	-	-	-	-	418,258
Cash and bank balances	1,831,957	27,890	1,279	-	-	-	-	1,861,126
Financial Liabilities								
Trade payables	(8,776,680)	-	-	(369,166)	(76,052)	(285,958)	(13,433)	(9,521,289)
Other payables	(36,614)	-	-	-	-	-	-	(36,614)
Net Exposure	(6,577,055)	41,866	1,279	(369,166)	(76,052)	(285,958)	(13,433)	(7,278,519)

	Denominated in							
	USD RM	SGD RM	IDR RM	CHF RM	JPY RM	EURO RM	RMB RM	Total RM
Group 2018								
Financial Assets								
Trade receivables	888,803	12,398	-	-	-	-	-	901,201
Other receivables	168,423	-	-	-	-	33,644	-	202,067
Cash and bank balances	1,418,757	231,037	-	-	-	-	-	1,649,794
Financial Liabilities								
Trade payables	(4,685,279)	(66,440)	-	(868,474)	(63,594)	(371,850)	(19,118)	(6,074,755)
Other payables	(23,125)	-	-	-	-	-	-	(23,125)
Net Exposure	(2,232,421)	176,995	-	(868,474)	(63,594)	(338,206)	(19,118)	(3,344,818)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

Foreign currency risk 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, EURO and RMB exchange rates against RM, with all other variables held constant.

	Change in currency rate	2019 Effect on profit before tax RM	2018 Effect on profit before tax RM
USD	Strengthened 10%	(657,706)	(223,242)
	Weakened 10%	657,706	223,242
SGD	Strengthened 10%	4,187	17,699
	Weakened 10%	(4,187)	(17,699)
IDR	Strengthened 10%	128	-
	Weakened 10%	(128)	-
CHF	Strengthened 10%	(36,917)	(86,847)
	Weakened 10%	36,917	86,847
JPY	Strengthened 10%	(7,605)	(6,359)
	Weakened 10%	7,605	6,359
EURO	Strengthened 10%	(28,596)	(33,821)
	Weakened 10%	28,596	33,821
RMB	Strengthened 10%	(1,343)	(1,912)
	Weakened 10%	1,343	1,912

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

35. Financial Instruments (cont'd)

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:

	2019 RM	2018 RM
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	21,233	20,617
Financial liabilities		
Finance lease liabilities	(345,247)	(506,058)
	(324,014)	(485,441)
Floating rate instruments		
Financial liabilities		
Bankers' acceptances	(4,427,000)	(5,786,000)
Bank overdrafts	(1,007,767)	(4,929,949)
Term loans	(1,671,933)	(7,882,593)
	(7,106,700)	(18,598,542)

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 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM71,067 (2018: RM185,985) 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.

35. Financial Instruments (cont'd)

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		
2019		
Financial liability		
Finance lease liabilities (Level 2)	345,247	366,977
2018		
Financial liability		
Finance lease liabilities (Level 2)	506,058	547,944

(c) Fair values of 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).

<u>Non-derivative financial instruments</u>
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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

36. 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	
	2019 RM	2018 RM
Total loans and borrowings	7,451,947	19,104,600
Less: Deposits, bank and cash balances	(14,102,627)	(4,173,500)
Total net debts	(6,650,680)	14,931,100
Total equity	121,229,525	117,682,170
Gearing ratio	-5%	13%

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

37. Significant Event

On 22 November 2018, Inmac EDM-Tools (M) Sdn. Bhd. ("IETSB") and EDM Machining Solutions (M) Sdn. Bhd. (Formerly known as Elo Dunia Manufacturing (M) Sdn. Bhd.) ("EMSSB"), which are both 100% owned subsidiary of Toyo Ink Sdn. Bhd. ("TISB"), which in turn are wholly owned subsidiaries of TIGB had entered into two separate Sales and Purchase Agreement ("SPA") for the sale of the two industrial lands for an aggregate total consideration of RM17,755,756. The transaction is completed during the financial year.

38. Subsequent Event

On 2 July 2019, Inmac EDM-Tools (M) Sdn. Bhd. ("IETSB"), which is 100% owned subsidiary of Toyo Ink Sdn. Bhd. ("TISB"), which in turn is a wholly owned subsidiary of TIGB had entered into a SPA for the disposal of a light industrial factory for a total sale consideration of RM3,780,000.

39. 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 24 July 2019.

ANALYSIS OF SHAREHOLDINGS AS AT 28 JUNE 2019

SHARE CAPITAL

Issued shares	:	107,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of Shareholders	:	1284

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100	294	22.90	1,172	0.00
100 to 1,000	311	24.22	139,130	0.13
1,001 to 10,000	371	28.89	1,888,110	1.76
10,001 to 100,000	229	17.83	8,065,377	7.54
100,001 and below 5%	72	5.61	35,462,267	33.14
5% and above	7	0.55	61,443,944	57.42
TOTAL	**1,284**	**100.00**	**107,000,000**	**100.00**

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Pembinaan Maju Wangi Sdn. Bhd.	12,158,740	11.36
2.	Lim Guan Lee	11,829,204	11.06
3.	Eng Lian Enterprise Sdn. Bhd.	9,728,525	9.09
4.	Ng Tze Woei	7,508,343	7.02
5.	Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98
6.	Bukit Asa Sdn. Bhd.	6,750,000	6.31
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.	Foo Fong Lee	1,380,000	1.29
12.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Song Kok Cheong (8073295)]*	1,375,000	1.29
13.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Yap Chiat Bine]*	1,249,100	1.17
14.	Chew Cheong Loong	1,000,000	0.93
15.	*Tseng, Sheng-Lung*	849,300	0.79
16.	*Lee Chee Beng*	754,000	0.70
17.	*Song Kok Cheong*	700,000	0.65
18.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Chan Pooi Chuen (Margin)]	670,900	0.63
19.	Liao, Shu-Hui	660,000	0.62
20.	Koh Kim Hoon	605,000	0.57
21.	*Ang Hui Chan*	588,000	0.55
22.	*Expo Holdings Sdn. Bhd*	551,300	0.52

ANALYSIS OF SHAREHOLDINGS AS AT 28 JUNE 2019

No.	Name	No. Of Shares Held	%
23.	*Fong Yuet Peng*	515,500	0.48
24.	Mercsec Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Ng Thiam Seong]	514,600	0.48
25.	Maybank Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Ooi Chong Chuan]	500,050	0.47
26.	Tee Teh Sdn. Berhad	500,000	0.47
27.	*Maybank Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account forZahid Bin Mohd Sani]*	493,000	0.46
28.	Kow Kuwi Wing @ Kow Sai Sum	468,500	0.44
29.	Liao Shu Hui	452,000	0.42
30.	*AllianceGroup Nominees (Tempatan) Sdn. Bhd. [Beneficiary: Pledged Securities Account for Lee Lian Seng (6000082)]*	412,800	0.39
		87,682,192	**81.97**

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

Name of Substantial Shareholders		No. Of Shares Held Direct	%	No. Of Shares Held Indirect	%
1.	Lim Guan Lee	11,939,204	11.16	119,000	0.11
2.	Song Kok Cheong	11,626,000	10.87	392,000	0.37
3.	Ng Tze Woei	7,508,343	7.02	-	-
4.	Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98	-	-
5.	Ng Lu Siong @ Ng Soon Huat	155,555	0.14	16,478,525	15.40
6.	Eng Lian Enterprise Sdn. Bhd.	9,728,525	9.09	6,750,000	6.31
7.	Ng Eng Hiam Plantations Sdn. Bhd.	-	-	6,750,000	6.31
8.	Ng Ling Li	250,000	0.23	6,750,000	6.31
9.	Bukit Asa Sdn. Bhd.	6,750,000	6.31	-	-
10.	Pembinaan Maju Wangi Sdn. Bhd.	12,158,740	11.36	-	-
11.	Lam Peng Kee	185,000	0.17	12,158,740	11.36
12.	Fong Siew Ching	-	-	12,343,740	11.54
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

ANALYSIS OF SHAREHOLDINGS AS AT 28 JUNE 2019

STATEMENT OF DIRECTORS' SHAREHOLDINGS

Name of Directors		No. Of Shares Held Direct	%	No. Of Shares Held Indirect	%
1.	Tuan Hj. Ir. Yusoff bin Daud	230,964	0.22	-	-
2.	Song Kok Cheong	11,626,000	10.87	392,000	0.37
3.	Lim Guan Lee	11,939,204	11.16	119,000	0.11
4.	Chew Cheong Loong	1,000,000	0.93	1,380,000	1.29
5.	Song Hsiao May *(alternate director to Song Kok Cheong)*	392,000	0.37	-	-
6.	Tham Kut Cheong	-	-	-	-
7.	You Tong Lioung @ Yew Tong Leong	-	-	-	-
8.	Lim Soek Fun (Lin ShuFen) *(alternate director to Lim Guan Lee)*	-	-	-	-

ANALYSIS OF WARRANTHOLDINGS AS AT 28 JUNE 2019

WARRANTS 2018/2023

No. of warrants 2018/2023	:	53,499,995
No. of warrants 2018/2023 outstanding	:	53,499,995
Class of Securities	:	Warrants 2018/2023 ("Warrants")
No. of Warrants holders	:	1389

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Warrantholdings	No. of warrant holders	%	No. of Warrant held	%
Less than 100	480	34.56	9912	0.02
100 to 1,000	209	15.05	129,297	0.24
1,001 to 10,000	358	25.77	1,781,375	3.33
10,001 to 100,000	265	19.08	9,470,515	17.70
100,001 and below 5%	74	5.33	28,014,032	52.36
5% and above	3	0.21	14,094,864	26.35
TOTAL	**1,389**	**100.00**	**53,499,995**	**100.00**

LIST OF THIRTY LARGEST WARRANTHOLDERS

No.	Name	No. Of Warrant Held	%
1.	Lim Guan Lee	5,855,602	10.95
2.	Eng Lian Enterprise Sdn. Bhd.	4,864,262	9.09
3.	Bukit Asa Sdn. Bhd.	3,375,000	6.31
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Kwong Ming Kwei (08KW032ZQ-008)	2,526,400	4.72
5.	JS Nominees (Tempatan) Sdn. Bhd. Beneficiary: CIMB Bank for Har Kooi Voon (MY2460)	2,100,000	3.93
6.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Beneficiary : Pledged securities account for Song Kok Cheong (Margin)	1,775,500	3.32
7.	*Amsec Nominees (Tempatan) Sdn. Bhd.* *Beneficiary: Pledged securities account – Ambank (M) Berhad for Song Kok Cheong*	1,500,000	2.80
8.	Neng Aik Hong	831,700	1.55
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Gan Boon Guat (028)	738,700	1.38
10.	*Alliancegroup Nominees (Tempatan) Sdn. Bhd.* *Beneficiary: Pledged securities account for Song Kok Cheong (8073295)*	687,500	1.29
11.	Public Invest Nominees (Asing) Sdn. Bhd. Beneficiary: Exempt An for Phillip Securities Pte Ltd (Clients)	652,500	1.22
12.	*Soh Eng Joo*	639,650	1.20
13.	*Maybank Nominees (Tempatan) Sdn. Bhd.* *Beneficiary: Yap Chiat Bine*	624,550	1.17
14.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Beneficiary: Tan Fah Keong (6000051)	600,000	1.12
15.	*Kenanga Nominees (Tempatan) Sdn. Bhd.* *Beneficiary : Kwong Ming Kwei*	600,000	1.12
16.	*Public Nominees (Tempatan) Sdn. Bhd.* *Beneficiary : Pledged securities account for Mea Gaik Fen (E-BMM/KBS)*	600,000	1.12
17.	*JS Nominees (Tempatan) Sdn. Bhd.* *Beneficiary : CIMB Bank for Eng Cha Lun (MY1460)*	550,000	1.03
18.	Ang Hui Chan	500,000	0.93

ANALYSIS OF WARRANTHOLDINGS AS AT 28 JUNE 2019

No.	Name	No. Of Warrant Held	%
19.	Kow Kuwi Wing @ Kow Sai Sum	484,250	0.91
20.	Ong See Pheng	450,000	0.84
21.	*Sim Mui Khee*	450,000	0.84
22.	*TA Nominees (Tempatan) Sdn. Bhd.* *Beneficiary : Pledged securities account for Vivekanandan A/L Ams. Periasamy*	447,100	0.84
23.	*Karunanithi A/L Kadappan*	400,000	0.75
24.	Liao, Shu-Hui	400,000	0.75
25.	Lee Chee Beng	377,000	0.70
26.	HLIB Nominees (Tempatan) Sdn. Bhd. Beneficiary: Pledged securities account for Ee Kok Yeng (CCTS)	330,050	0.62
27.	*Tseng, Sheng-Lung*	322,500	0.60
28.	Lee Thian Fook @ Lee Tian Fook	320,400	0.60
29.	Mui Herng Chieh	310,000	0.58
30.	*Colin Ong Tai Lee*	300,000	0.56
		33,512,664	**62.64**

STATEMENT OF DIRECTORS' WARRANTHOLDINGS

Name of Directors		No. Of Warrant Held Direct	%	No. Of Warrant Held Indirect	%
1.	Tuan Hj. Ir. Yusoff bin Daud	115,482	0.22	-	-
2.	Song Kok Cheong	3,963,000	7.41	196,000	0.37
3.	Lim Guan Lee	5,910,604	11.05	59,500	0.11
4.	Song Hsiao May *(alternate director to Song Kok Cheong)*	196,000	0.37	-	-
5.	Chew Cheong Loong	-	-	-	-
6.	Tham Kut Cheong	-	-	-	-
7.	You Tong Lioung @ Yew Tong Leong	-	-	-	-
8.	Lim Soek Fun (Lin ShuFen) *(alternate director to Lim Guan Lee)*	-	-	-	-

LIST OF PROPERTIES AS AT 31 MARCH 2019

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2018	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	16 years	99 years leasehold expiring on 10th January 2089	119,113	78,792	9,879,105	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	25 years	Freehold	3,091	2,400	365,913	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	25 years	Freehold	3,091	2,400	399,600	23 July 2002**
4	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	24 years	90 years leasehold expiring on 3rd May 2084	4,500 and 4,500	3,010 and 3,010	208,439 and 208,439	22 Aug 2002**
5	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	26 years	99 years leasehold expiring on 3rd May 2069	2,250 and 2,250	2,850 and 2,850	265,595 and 265,595	22 Aug 2002**
6	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	15 years	Freehold	22,000	15,000	2,367,637	24 Apr 2002* 5 Jan 2005**
7	H.S.(D) 61629 Lot No: PT 11380 , Mukim Petaling, State of Selangor	1 1/2 storey semi detached light industrial factory	18 years	Freehold	8,396	4,376	941,846	3 Sept 2001* 5 Jan 2005**

LIST OF PROPERTIES AS AT 31 MARCH 2019

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2019	Date of Acquisition*/ Valuation**
8	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	28 years (base on OC)	Freehold	2,820	2,610	340,172	10 Oct 1999* 28 Oct 2004**
9	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		18,412,923	

PROXY FORM

I/We ____
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

Company No.__________________/ NRIC No. (new)__________________________ (old)______________________

____
(FULL ADDRESS)

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

____________________________________NRIC No. (new)__________________________ (old)_________________

or failing him/her, ______________ ______NRIC No. (new)__________________________ (old)_________________

of____
(FULL ADDRESS)

*or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Seventeenth ("17th") Annual General Meeting ("AGM") of the Company to be held at Bukit Jalil Golf & Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil 57000 Kuala Lumpur on Wednesday, 4 September 2019, at 10.30 a.m. and at any adjournment thereof.*

*(*Strike out whichever is not desired)*

The proportions of my/our holdings to be represented by my/our proxy(ies) are as-follows :-
Proxy 1 %
Proxy 2 __________ %
100 %

(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1 – To declare a final single tier dividend		
2.	Ordinary Resolution 2 - To approve the payment of Directors' Fees in respect of the financial year ending 31 March 2020		
3.	Ordinary Resolution 3 - To approve the payment of Directors' Benefit from the 17th AGM until the 18th AGM		
4.	Ordinary Resolution 4 - Re-election of Mr. You Tong Lioung @ Yew Tong Leong as Director		
5.	Ordinary Resolution 5 - Re-election of Mr. Song Kok Cheong as Director		
6.	Ordinary Resolution 6 - Re-election of Mr. Chew Cheong Loong as Director		
7.	Ordinary Resolution 7 - To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration		
8.	Ordinary Resolution 8 - Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9.	Ordinary Resolution 9 - Continuing in office of Mr. Tham Kut Cheong as Independent Non-Executive Director		
10.	Ordinary Resolution 10 - Continuing in office of Mr. You Tong Lioung @ Yew Tong Leong as Independent Non-Executive Director		
11.	Special Resolution – Proposed Adoption of the New Constitution of the Company		

Signed this ______________ day of ____________________2019

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

____
Signature/Common Seal of Member(s)

Notes:

1. **A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak 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 of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.**
3. **In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.**
4. **The Proxy Form must be deposited at the Company's Share Registrar at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.**
5. **Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.**
6. **General Meeting Record of Depositors**
   For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 57(c) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), a Record of Depositors as at 27 August 2019 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

Fold this flap for sealing

Then fold here

AFFIX
STAMP
HERE

The Share Registrar
Insurban Corporate Services Sdn. Bhd. (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 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: admin@toyoink.com.my

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