

2017 **AYS VENTURES BERHAD** (925171-T)
Annual Report

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Our Vision

To excel as a regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry.

Our Mission

Providing customers with total solution in quality products and services.

Broadening our product range and value-added activities.

Practicing good corporate social responsibilities.

Rewarding all stakeholders equitably.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor on Friday, 21 July 2017 at 9.30 a.m. to transact the following business:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2017. **Resolution 1**
3. To re-elect the following Directors who are retiring in accordance with Article 101 of the Company's Articles of Association:
 - (i) Oh Chiew Ho **Resolution 2**
 - (ii) Seow Nyoke Yoong **Resolution 3**
 - (iii) Mohamad Fazlin Bin Mohamad **Resolution 4**
4. To re-appoint Haji Mohd. Sharif Bin Haji Yusof as a Director of the Company. **Resolution 5**
5. To approve the payment of meeting attendance allowance of RM500 per meeting day for each Independent Directors from February 2017 until otherwise resolved. **Resolution 6**
6. To re-appoint Messrs. SJ Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following resolution:

ORDINARY RESOLUTION

Proposed Authority to issue shares pursuant to Section 76 of the Companies Act, 2016

"THAT pursuant to Section 76 of the Companies Act, 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being 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 the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8

By Order of the Board

Leong Oi Wah (MAICSA 7023802)

Company Secretary

Klang
29 June 2017

Notes:

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or being appointed as a proxy for another Member or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. A Member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the Member specifies the proportion of his securities holdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.
4. The instrument appointing a proxy shall be left at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.
5. Depositors who appear in the Record of Depositors as at 13 July 2017 shall be regarded as Member of the Company entitled to attend the Sixth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

NOTES ON SPECIAL BUSINESS

(i) Resolution No.8

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 15 July 2016. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Final Single Tier Dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2017, if approved at the Sixth Annual General Meeting, will be paid on 18 August 2017 to Depositors registered in the Record of Depositors at the close of business on 28 July 2017.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 July 2017, in respect of transfer; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)

Company Secretary

Klang
29 June 2017

Corporate Information

BOARD OF DIRECTORS

Haji Mohd. Sharif Bin Haji Yusof
Independent Non-Executive Chairman

Oh Chiew Ho
Group Managing Director

Seow Nyoke Yoong
Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
Independent Non-Executive Director

Toh Tuan Sun
Non-Independent Non-Executive Director

Oh Yung Sim
Executive Director

Oh Pooi Foon
Executive Director

Tay Kim Chuan
Executive Director

AUDIT COMMITTEE

Haji Mohd. Sharif Bin Haji Yusof
(Chairman) Independent Non-Executive Director

Seow Nyoke Yoong
(Member) Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
(Member) Independent Non-Executive Director

NOMINATION COMMITTEE

Seow Nyoke Yoong
(Chairman) Independent Non-Executive Director

Haji Mohd. Sharif Bin Haji Yusof
(Member) Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
(Member) Independent Non-Executive Director

REMUNERATION COMMITTEE

Seow Nyoke Yoong
(Chairman) Independent Non-Executive Director

Haji Mohd. Sharif Bin Haji Yusof
(Member) Independent Non-Executive Director

Oh Chiew Ho
(Member) Group Managing Director

COMPANY SECRETARY

Leong Oi Wah (MAICSA 7023802)

HEAD OFFICE

Lot 6488, Jalan Haji Abdul Manan
42100 Klang, Selangor Darul Ehsan, Malaysia
Tel. No. : 603 - 3377 5597
Fax No. : 603 - 3377 5500
Website : www.ays-group.com

REGISTERED OFFICE

802, 8th Floor, Block C, Kelana Square
17, Jalan SS 7/26, 47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : 603 - 7803 1126
Fax No : 603 - 7806 1387

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
AmBank (M) Berhad
Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

AUDITORS

SJ Grant Thornton
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Office:

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel. No. : 603 - 2783 9299
Fax No : 603 - 2783 9222

Customer Service Centre:

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

STOCK EXCHANGE LISTING

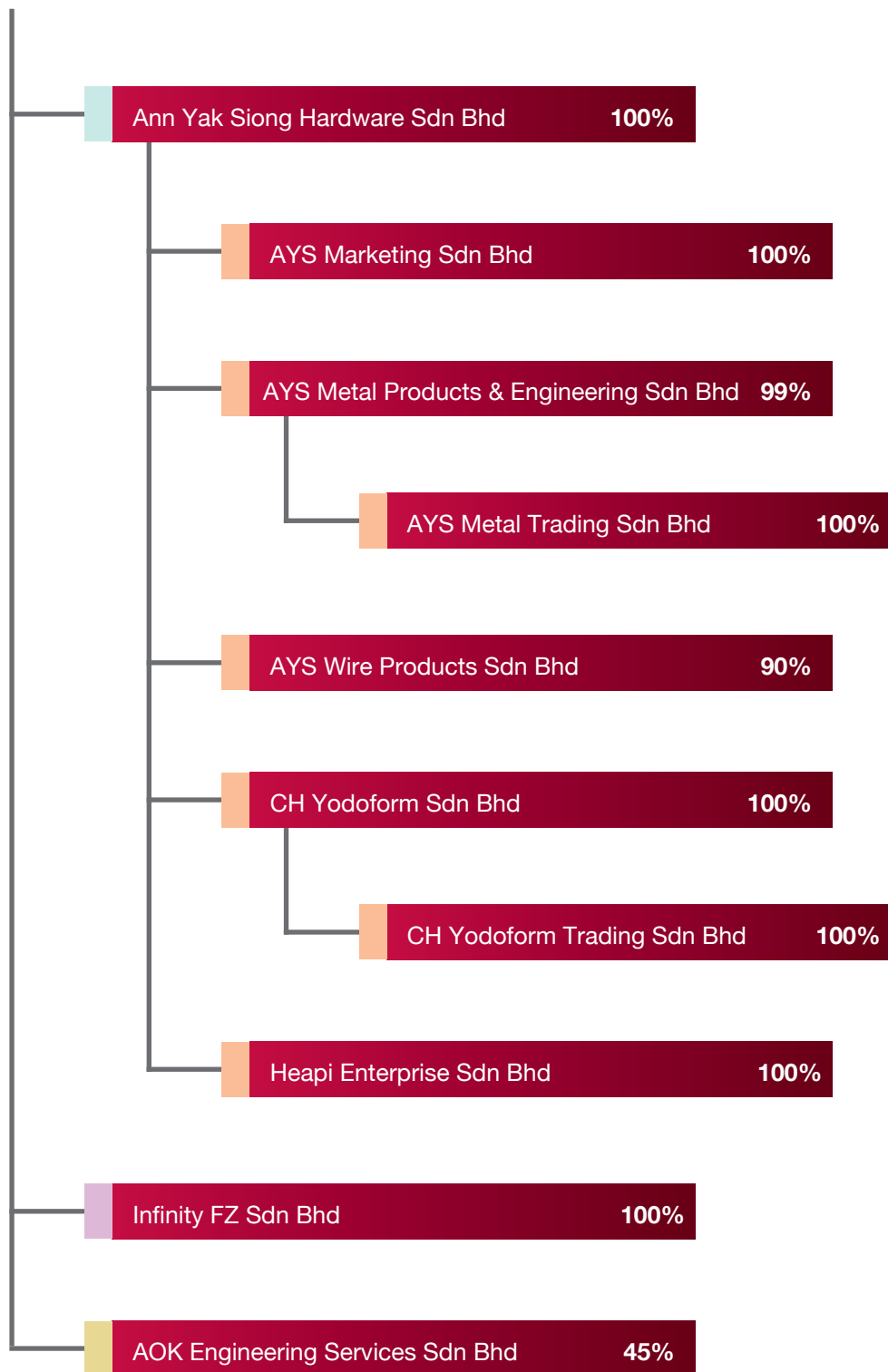
Main Market of Bursa Malaysia Securities Berhad
Stock Name : AYS
Stock Code : 5021

Corporate Structure

as at 29 June 2017



AYS VENTURES BERHAD



Profile of the Board of Directors



From left to right:

Mohamad Fazlin Bin Mohamad, Seow Nyoke Yoong, Oh Chiew Ho, Haji Mohd. Sharif Bin Haji Yusof, Oh Yung Sim, Tay Kim Chuan, Toh Tuan Sun, Oh Pooi Foon.

Haji Mohd. Sharif Bin Haji Yusof, aged 78, a Malaysian, was appointed as an Independent Non-Executive Chairman of AYS Ventures Berhad on 17 November 2011. He is a fellow member of the Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

He started his career with the Selangor State Government Service in 1967 as an Accountant, Jabatan Kerja Raya. He was a Corporate Accountant with the Selangor State Development Corporation (now known as Perbadanan Kemajuan Negeri Selangor) from 1968 to 1972. In 1973, he joined Anglo Oriental Sdn Bhd, a tin mining management company as a Senior Accountant and in 1974 he joined Bumiputra Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) as a Corporate Finance Officer. In 1977, he joined British American Life & General Insurance Co. Bhd (now known as Manulife Insurance (Malaysia) Berhad) as a Vice President, Finance and retired in 1989 as a Senior Vice President, Finance cum Company Secretary. He is currently the Senior Independent Non-Executive Director of Ireka Corporation Berhad and also an Independent Non-Executive Director of Atlan Holdings Berhad and Axis REIT Managers Berhad.

Tuan Haji Mohd. Sharif Bin Haji Yusof has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Oh Chiew Ho, aged 70, a Malaysian, was appointed as the Group Managing Director of AYS Ventures Berhad on 17 November 2011. He is the co-founder of AYS Group and has been the key driving force in steering the corporate direction and growth of the AYS Group besides overseeing the overall operations of Ann Yak Siong Hardware Sdn Bhd ("AYSH") since its inception. In 1964, at the age of 19, he joined Hiap Bee Hardware Sdn Bhd as a general helper in the warehouse/store department until 1978, where he moved over to Choo Bee Hardware (KL) Sdn Bhd and was in charge of storekeeping, sales and procurement. With his hard work and dedication, he mastered the trade and built-up good rapport with key customers and suppliers.

In 1982, Mr Oh Chiew Ho co-founded AYSH, started his business in supplying steel and hardware products. In 1993, due to the high demand for construction materials following the economic boom, he incorporated AYS Marketing Sdn Bhd to venture into trading and marketing of building and construction materials. In 1994, he incorporated AYS Metal Products & Engineering Sdn Bhd to manufacture panels and components for sectional tanks. In 1996, he set up CH Yodoform Sdn Bhd to manufacture purlins, steel frames for doors and window. He later established AYS Wire Products Sdn Bhd in 1997 to venture into the business of manufacturing and trading of wire products and expanded its business in 1998 to include wire drawing, straightening, bending and cutting of wire rods and manufacturing of wire mesh products in 2001. Under the leadership of Mr Oh Chiew Ho, AYSH has grown to be one of the leading traders of steel and construction materials in Malaysia.

Mr Oh Chiew Ho's shareholdings in the Company and its related companies is disclosed on page 75 of this Annual Report. He is the father of Mr Oh Yung Sim, Mr Oh Yung Wooi and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Toh Tuan Sun, aged 66, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 April 2016 and re-designated as Non-Independent Non-Executive Director on 17 May 2016. Mr Toh Tuan Sun has been involved in the steel industry business for the past forty two years where he started off with Malayawata Steel Berhad in 1973. Thereafter, he moved on to Bright Steel Sdn Bhd in 1976 as Sales Manager and subsequently in 1979 was promoted to General Manager with direct involvement in the production expansion programmes and the business strategies of the company.

In 1986, he joined Ann Joo Group of Companies to spearhead its business expansion into manufacturing activities. He was the Head of one of the Strategic Business Units and was involved in manufacturing activities. He was appointed a Director on 11 September 1996 and served as an Option Committee Member. In 2000, Mr Toh Tuan Sun was transferred to Malayawata Steel Berhad as President and Chief Executive Officer and served as a member of the Audit Committee. In 2003, he joined one of the pioneer steel bar producers of Malaysia, Amsteel Mills Sdn Bhd and assumed the post of Managing Director until he retired in early 2007. Thereafter, he joined Perfect Wiremakers Sdn Bhd as the Managing Director and retired in June 2015. In December 2016, he resigned as a Director of Perfect Wiremakers Sdn Bhd but remains as its Advisor.

Mr Toh Tuan Sun's shareholdings in the Company and its related companies is disclosed on page 75 of this Annual Report. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Seow Nyoke Yoong, aged 55, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011. She graduated with a Bachelor of Commerce degree from University of New South Wales, Australia in 1984 and went on to complete a Bachelor of Law degree from University of Melbourne, Australia in 1985. She is currently an Independent Non-Executive Director of CYL Corporation Berhad.

Ms Seow Nyoke Yoong has no shareholdings in the Company and its related companies. She has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of the Board of Directors *cont'd*

Mohamad Fazlin Bin Mohamad, aged 45, a Malaysian, was appointed as an Independent Non-Executive Director of AYS Ventures Berhad on 17 November 2011. He graduated from the University of Huddersfield in 1995 with a LLB (Hons) Degree.

He started his career with KPMG as a Consulting Assistant in 1996 and remained with KPMG until 2004 where he left as a Managing Consultant. He joined Pharmaniaga Berhad in 2004 as Manager, Business Development and was later promoted to Senior Manager Business Development and Corporate Strategy. He has also held positions in the Indonesian Operations and Middle East Operations of Pharmaniaga Berhad. In 2012, he resigned as the Senior Manager and Head of Vendor Development in Pharmaniaga Berhad to venture on his own business as a Director in Magnus Force Sdn Bhd, Agensi Pekerjaan Intercity Sdn Bhd and Intercity (MM2H) Sdn Bhd.

En Mohamad Fazlin bin Mohamad has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Oh Yung Sim, aged 43, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 17 November 2011. He graduated from University of Luton, UK in 2000 with a Bachelor of Degree in Commerce, majoring in Business Administration and Marketing.

He joined AYSH in 2000 as an Assistant to Group General Manager. He has been working on improving the productivity and efficiency of the AYS Group's operations especially in the areas of information technology and corporate development and provides support to the Group Managing Director to ensure that the Manufacturing Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy.

Mr Oh Yung Sim's shareholdings in the Company and its related companies is disclosed on page 75 of this Annual Report. He is the son of Mr Oh Chiew Ho and brother of Mr Oh Yung Wooi and Ms Oh Pooi Foon. He has no conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Oh Pooi Foon, aged 37, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 December 2012. She graduated from Melbourne University, Australia in 2003 with a Bachelor of Physiotherapy.

Upon graduation in 2003, she worked in a hospital in Melbourne as physiotherapist before joining AYSH in 2005 as a Purchasing Executive. In 2009, she was promoted to the position of Procurement Director and is responsible for formulating and evaluating procurement strategies, developing and implementing procurement policies and procedures, analysing trends and market conditions including sourcing, negotiating and entering into contracts with local and overseas suppliers. In 2012, she was promoted to Operation Director and is responsible for the overall operations of AYSH and provides support to the Group Managing Director to ensure that the Trading Division achieves its business objective and creates an environment that promotes staff commitment to the achievement of the organisational vision, mission, and strategy.

Ms Oh Pooi Foon's shareholdings in the Company and its related companies is disclosed on page 75 of this Annual Report. She is the daughter of Mr Oh Chiew Ho and sister of Mr Oh Yung Sim and Mr Oh Yung Wooi and has no conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Tay Kim Chuan, aged 57, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 December 2012. He is a Chartered Management Accountant (an Associate member of the Chartered Institute of Management Accountants, UK) and a member of the Malaysian Institute of Accountants.

Upon his graduation from College Tunku Abdul Rahman in the School of Business Studies in 1984, he briefly served in a palm oil milling and plantation company before he joined Bright Steel Sdn. Bhd. as an Accountant in 1985. In 1988 he moved on to the then newly formed Anshin Group until 1997 when he was transferred to serve the holding company in the Ann Joo Group. During his tenure serving companies in the steel sector he has accumulated management experience in the financial and corporate services area. He resigned as the Group Financial Controller of Ann Joo Resources Berhad in 2007 to venture on his own in the field of management services prior to joining AYS Group.

Mr Tay Kim Chuan has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no previous conviction for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

Wong Kian Hwa, a Malaysian aged 59, is the Executive Director of AYS Wire Products Sdn Bhd (“AYSW”). He obtained his Malaysian Certificate of Education in 1975. Thereafter, he started his 22 years career in the steel industry with various portfolios serving in companies including Sama Wira Mulpha Sdn Bhd, D&B Trading Sdn Bhd and Perwaja Sdn Bhd. In 1997, he set up AYSW as a joint venture with Ann Yak Siong Hardware Sdn Bhd (“AYSH”) to manufacture various wired rod based products and steel bars. Currently, he is responsible for the overall operations of AYSW.

Oh Yung Wooi, a Malaysian aged 42, is the Materials Director of AYSH. After he completed his secondary school, he joined AYSH in 1999 as Sales Executive. He has gained vast exposure in the various operations portfolios including credit control, sales and marketing, logistic as well as stock management. Having more than 10 years’ hands-on experience and exposure in all aspects of the steel business, in 2009, he was promoted to his current position and is responsible for the materials control, total warehousing and logistics functions of AYSH.

Woon Yang Leng, a Malaysian, aged 58, is the Group Technical and Marketing Director of AYSH. He graduated with a Master of Engineering specialised in Steel Structures and Project Management from Asian Institute of Technology, Bangkok in 1987. Mr Woon has more than 4 years of extensive practical experience in steel construction while he worked as a site Engineer on construction of facilities for company such as AT&T, President Lines and Super store warehousing in Taiwan. Mr Woon also has completed a high-rise building using structural steel. His specialise knowledge in the field of steel construction has brought him into British Steel in 1991 and responsible for promoting British Steel products in construction market in Taiwan. Having successful developed the market sector of steel construction for British Steel in Taiwan, Mr Woon was transferred to Malaysia in 1994 to kick start the British Steel office in Malaysia. Mr Woon went through the transformation of the company from British Steel to Corus and later to Tata Steel. He was heading the Malaysia office until 2008. Mr Woon started Steelco Malaysia in April 2008 and carry on his career in the steel industry. He made use of his extensive steel knowledge helping to bridge the local steel related industries with the more competitive regional suppliers especially the specialized steel producers from China. In 2012, Mr Woon resigned from Steelco Malaysia and joined AYSH as Senior General Manager-Marketing before promoted to the current position.

Ir. Tong Seng Won, a Malaysian aged 54, is the Group Engineering & Manufacturing Director of CH Yodoform Sdn Bhd (“CHY”). He graduated with a Bachelor of Engineering in Mechanical and Master of Engineering in Manufacturing from University Malaya in 1994. He is a Professional Engineer in Mechanical registered with the Board of Engineers Malaysia and Grade 2 Steam Engineer registered with the Department of Occupational Safety and Health Malaysia. He started his career with Anshin Steel Industries Sdn Bhd in 1988 as a mechanical Engineer and in 1994 he joined Hitachi Plant Construction as an Assistant Project Manager in charging of the project for the construction of beam and section mill in Gurun. In 1995, he joined Petropipe Sdn Bhd as Deputy General Manager and subsequently he worked as a consultant for setting up a few rolling mills and steel plants in Iran from 2003 to 2010. In 2011, he joined an aluminum smelting plant in Sarawak and in 2013, he joined Perwaja Steel Industries Sdn Bhd as a Chief Operating Officer. In 2016, he resigned from Perwaja Steel Industries Sdn Bhd. With his 25 years of working experience in the steel industry involving upstream and downstream processes, he then joined AYSH as Group Engineering & Manufacturing Director and is responsible for improvement, expansion and development of manufacturing and engineering facilities of the Group. In August 2016,

he was transferred to CHY and is currently responsible for the overall operations of CHY.

Tay Chooi Guan, a Malaysian aged 59, is the Executive Director of AYS Metal Products and Engineering Sdn Bhd (“AYSMP”). He graduated with a Bachelor of Science – Engineering from the National Taiwan University in 1983. He started his career as Project Engineer with a subsidiary company of Jurong Engineering Ltd., Singapore in charge of two major power station projects in Paka, Terengganu and Kapar, Port Klang. In 1988, he joined the Lion Group of Companies and had held various positions in the Lion Group including Manager of Amalgamated Containers Bhd, General Manager of Lion Sankyu Tekko Sdn Bhd and Senior Manager of Megasteel Sdn Bhd. In 2008, he resigned from Lion Group of Companies. With his 25 years of working experience in the engineering and steel industries, he then joined AYS Metal Trading Sdn Bhd (“AYSMT”) as Assistant General Manager and in 2011, he was promoted to General Manager and was in charge of the operations of AYSMT. In 2015, he was transferred to AYSMP and promoted to the current position. Currently, he is responsible for the overall operations of AYSMP.

Tay Yew Thiam, a Malaysian aged 51, is the Group Financial Controller of AYSH. She graduated with a Bachelor’s degree with Honours in Accounting from University Utara Malaysia in 1991. She is a Chartered Accountant member of the Malaysian Institute of Accountants, a Certified Financial Planner registered with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia. She started her career with a financial institution in 1991 as an Audit Executive and subsequently in 1992, she joined a water treatment chemicals company as an Assistant Accountant. In 1993, she joined Anshin Group as a Finance & Accounts Executive until 1997 she was transferred to serve the holding company in the Ann Joo Group. In 2007, she resigned as the Head-Financial Accounting Unit of Ann Joo Resources Berhad to venture on her own in the field of management services prior to joining AYS Group. With her more than 25 years of working experience in the area of financial and corporate services, she joined AYSH in 2012 as a Senior General Manager - Corporate Affairs and is responsible for corporate financial reporting and compliance, investor relations, corporate development activities as well as participating in strategic planning and new business initiatives of AYS Group. In 2017, she was promoted to the current position and is responsible for planning, implementing and managing all financial-related activities of AYS Group.

CONFLICT OF INTEREST

None of the Key Senior Management has any conflict of interest with the Group.

CONVICTION FOR OFFENCES

None of the Key Senior Management have been convicted for any offences within the past 5 years, other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

DIRECTORSHIP

None of the Key Senior Management has any other directorship in any other listed issuers.

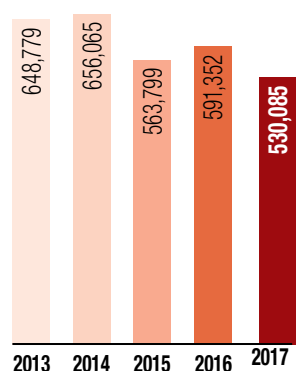
FAMILY RELATIONSHIP

None of the Key Senior Management has family relationship with other Directors or major shareholders of AYS Ventures Berhad except for Mr Oh Yung Wooi who is the son of Mr Oh Chiew Ho and brother of Mr Oh Yung Sim and Ms Oh Pooi Foon.

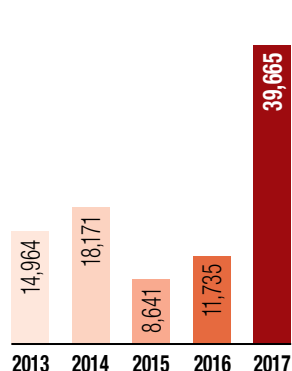
Group Financial Highlights

Financial Year Ended 31st March (RM'000)	2013	2014	2015	2016	2017
Revenue	648,779	656,065	563,799	591,352	530,085
Profit Before Interest and Tax	23,431	28,142	18,939	23,505	47,712
Finance Costs	8,467	9,971	10,298	11,770	8,047
Profit Before Tax	14,964	18,171	8,641	11,735	39,665
Profit After Tax	9,567	13,035	7,096	8,283	27,732
Profit Attributable To Owners Of The Company	9,551	12,970	7,050	8,269	27,835
Total Equity Attributable To Owners Of The Company	198,131	207,342	214,347	215,008	237,137
Total Assets	459,571	462,730	499,850	438,160	428,282
Total Borrowings	223,618	219,876	253,066	192,156	145,700
Debt/Equity (times)	1.13	1.06	1.18	0.89	0.61
Earnings Per Share (sen)	2.58	3.41	1.85	2.17	7.32
Net Assets Per Share (RM)	0.53	0.55	0.56	0.57	0.62
Dividend Per Share (sen)	1.00	1.00	1.00	1.00	2.50

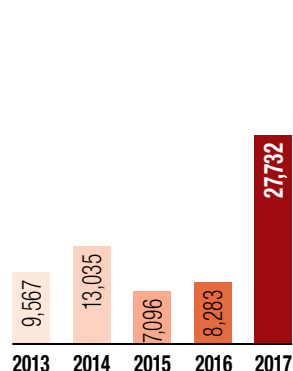
Revenue (RM'000)



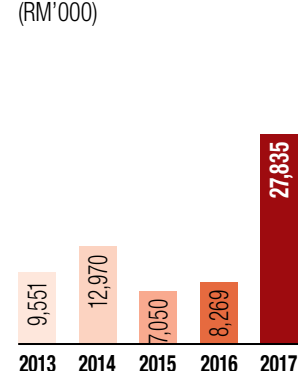
Profit Before Tax (RM'000)



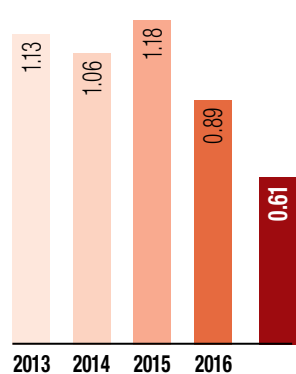
Profit After Tax (RM'000)



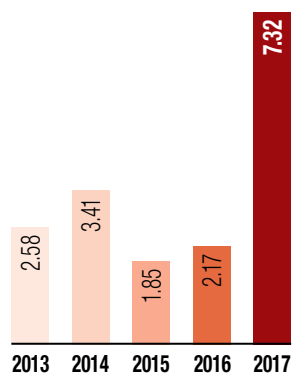
Profit Attributable to Owners of The Company (RM'000)



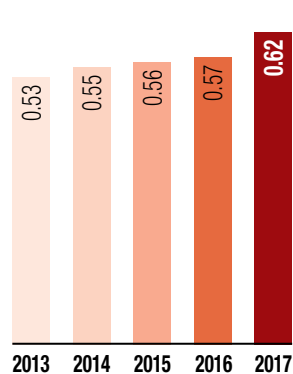
Debt/Equity (times)



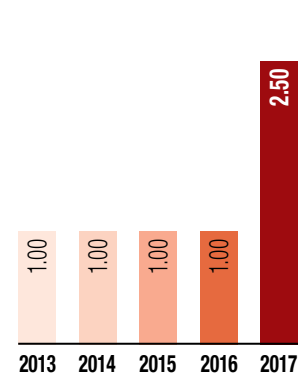
Earnings Per Share (sen)



Net Assets Per Share (RM)



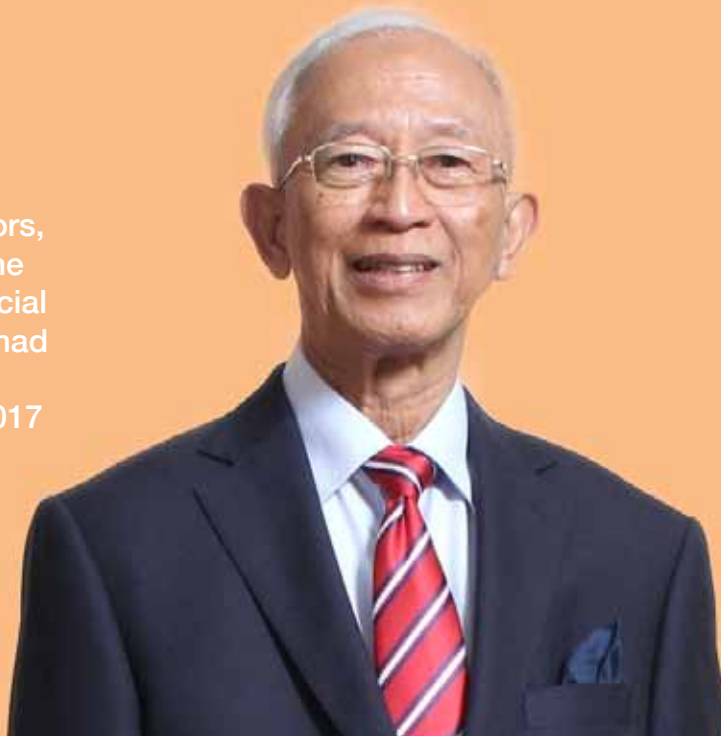
Dividend Per Share (sen)



Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and audited financial statements of AYS Ventures Berhad ("AYS" or "the Group") for the financial year ended 31 March 2017 ("FYE 2017").



Performance and Operations Review

The financial year 2017 saw a continuation of the various challenges that have faced the steel industry for a few years - the volatility of the global steel market conditions which impacted global steel prices, sluggish global, regional and local economies, escalation of costs due to inflationary pressure and fluctuation in foreign exchange rates and oil prices. In addition, during the year under review, due to the slowing global economy and significant drop in world crude oil prices, Malaysia's government has come up with a recalibrated and restructured budget for 2016 to ensure that the projections are in line with the current economic situation. Against this challenging backdrop, the Group achieved a lower net revenue of RM530.085 million in the financial year under review, representing a 10% decrease as compared to the revenue of RM591.352 million in the previous financial year ("FYE 2016"). Nevertheless, the Group's profit before tax ("PBT") increased to RM39.665 million as compared to the PBT of RM11.735 million in the FYE 2016. The substantial improvement was attributable to the selling prices of various steel products increased worldwide and the strategies employed by the Group to improve operation efficiency, strengthening productivity, enhancing quality, procurement and marketing of its products. With a net profit attributable to owners of the company of RM27.835 million, the basic earnings per share in the FYE 2017 increased to 7.32 sen from that of 2.17 sen in the previous financial year and the Group's financial position remains strong, with total equity attributable to equity holders as at 31 March 2017 of RM237.137 million, an increase of RM22.129 million from RM215.008 million in the previous financial year end.

Outlook and Prospects

The Group foresees a competitive operating environment in the new financial year. Based on Bank Negara Malaysia's Annual Report 2016, the Malaysian economy is expected to grow stronger circa 4.3%-4.8% in 2017, bolstered by domestic demand as the principal driver of growth and underpinned by private sector activity and mega infrastructure projects related to transport systems and facilities, telecommunications and basic social infrastructure. Conversely, global steel prices remained volatile despite China government's decision to curb overcapacity and structural reformed its steel industry. The Group believes that the more secured and stable market conditions and also the stability of crude oil price and strengthening of Ringgit against major world currencies are able to provide better business environment. The Group is determined to keep broadening, enhancing and improving our product range and quality in order to achieve its vision to be a leading regional strategic steel distribution hub catering to the needs of the engineering, fabrication and construction industry. The Board believes that the stimulating economic outlook and competition will propel AYS to further improve and innovate its offerings to customers and operational efficiencies with the objective to grow shareholders' value.

Chairman's Statement *cont'd*

Dividends

The Board has declared and paid a first single tier interim dividend of 1.5 sen per share amounting RM5.706 million in respect of the FYE 2017. In line with AYS's continued focus on shareholders' returns and reflective of the good performance of the Company, the Board recommends a final single tier dividend of 1.0 sen (FYE 2016: Nil) per share for the FYE 2017 subject to shareholders' approval at the forthcoming Annual General Meeting. Therefore, if the final dividend is approved during the forthcoming Annual General Meeting, the total dividend payment for the FYE 2017 is RM9.510 million (FYE 2016: a first single tier interim dividend of 1.0 sen per share was declared and paid on 22 March 2016).

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation and gratitude to the management team and staff for their dedication, team spirit and hard work during this challenging period. The commendable performance of the Group is the result of the earnest efforts put in by our workforce.

To our valued customers, suppliers, business associates, financiers, regulatory authorities and all other stakeholders, we wish to extend our sincere thanks for your long outstanding support, co-operation, guidance and confidence in us. To our business partners, we express our gratitude for your continuous and unwavering support.

I would also like to express our appreciation to all shareholders for your continued interest and investment in our Group and I look forward to sharing with you a long and fruitful relationship.

Lastly, I also wish to extend my most heartfelt appreciation to my fellow Board members for their support, contribution and dedication in discharging their duties and responsibilities.

Haji Mohd. Sharif Bin Haji Yusof

Independent Non-Executive Chairman

June 2017



Management Discussion & Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

AYS Ventures Berhad and its group of companies ("AYS" or "the Group") are principally involved in the trading and manufacturing of steel related products businesses serving customers in the construction, engineering for heavy steel industries, fabrication, oil & gas, power plant and shipbuilding sectors. The trading division trades and markets a diverse range of steel products and construction materials whilst the manufacturing division manufactures and trades pressed steel and fiberglass reinforced polyester sectional water tanks, steel purlin and wire products.

AYS operates its three factories and three warehouses in three locations in Klang, Selangor, covering a combined factory and warehousing area of approximately 425,000 sq.ft. The Group has approximately 205 skilled and experienced employees which are spread over 5 active subsidiaries.

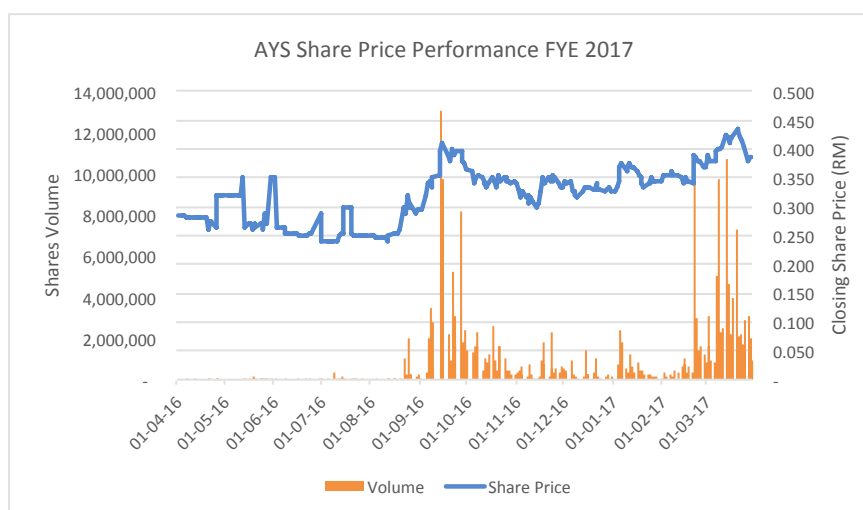
AYS has established a wide and diversified customer base with more than 1,000 active customers. Apart from locally-based customers, the Group has also exported its products to China, Laos, Middle East, Singapore, South Africa, Vietnam, other ASEAN countries and etc. About 90% of the Group's revenue is from its trading division, with the balance derived from manufacturing division. The Group sources its steel products from major steel mills locally and other countries such as China, Europe, Indonesia, Japan, South Korea, Thailand and etc. With the strong business relationships and network with both suppliers and customers, AYS believes these will improve performance, generate greater cost efficiency and enabling the Group's business to grow and develop.

AYS is always committed to offer a wide range of quality steel products, building materials and value-added services to its customers so that it will become a recognised leader in the steel distribution industry. To achieve its objectives and mission, AYS has considered the development of an integrated management system ("IMS") concept that would integrate all of the Group's systems and processes in to one complete framework, enabling it to work as a single unit with unified objectives. In addition, as business expands over time and to maintain and further strengthen its growth in revenue and profitability, the Group has leased a plot of land measuring 10 acres within Port Klang Free Zone ("PKFZ") to erect a covered warehouse that will operate as warehousing service provider to serve its internal warehousing requirement as well as other customers outside the Group. Upon the completion of erection, the combined factory and warehousing area of the Group will increase to approximately 578,000 sq.ft. The warehousing operation is targeted to be commenced by last quarter in FYE 2018. Furthermore, to achieve the Group's mission in broadening its product range and value-added activities, AYS has invested in setting up a full automatic CNC structural steel facilities to produce steel structure components ("Service Centre") in accordance with customers' designs and requirements using a propriety software. The Service Centre is targeted to be commissioned by third quarter in FYE 2018.



The Company's share price performance in FYE 2017 is summarized as follows :

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Market capitalization (RM'million)	106.517	117.929	98.909	108.419	146.461
Trading volume ('million)	192.157	37.454	51.931	7.314	215.652
Closing Price (RM)	0.280	0.310	0.260	0.285	0.385
Highest Closing Price (RM)	0.610	0.385	0.380	0.310	0.445
Lowest Closing Price (RM)	0.275	0.255	0.250	0.215	0.240
Dividend per Share (RM)	0.010	0.010	0.010	0.010	0.025
Basic EPS (RM)	0.026	0.034	0.018	0.022	0.073



REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

For the FYE 2017, AYS reported a lower revenue at RM530.085 million compared to the revenue of RM591.352 million in the FYE 2016. The decrease in revenue was primarily derived from decrease revenue of trading division, which the revenue decline to RM474.085 million from that of RM543.754 million in the FYE 2016. The lower revenue in the trading division was mainly due to lower sales volume despite higher selling prices of steel products resulting from softening market demand. Nevertheless, the manufacturing division showed a higher revenue at RM56.000 million from that of RM47.598 million in the preceding year mainly due to higher selling prices of steel purlin and wire products despite lower sales volume resulting from slowdown in the construction industry led to weakening demand.

AYS recorded profit before tax of RM39.665 million in the FYE 2017 which was a growth of RM27.930 million over FYE 2016 of RM11.735 million. In terms of year on year comparison, the profit before tax improved from 2.0% for FYE 2016 to 7.5% for FYE 2017 resulting from the recovery of international and local steel price, lower finance costs and higher net gain on realised/unrealised foreign exchange.

Other income in the FYE 2017 was mainly consist of interest income distribution from short-term deposits placements and overdue customers and other operating income such as impairment on trade receivables no longer required, gain on disposal of property, plant and equipment, gain on fair value adjustment on investment properties, unrealised gain on foreign exchange and etc. The lower other income in the financial year under review was mainly due to the incorporation of provision of sales tax refund which was recognised as income in previous financial year.

Selling and Distribution expenses decreased by 2.4% or RM0.242 million to RM9.816 million in the FYE 2017 from RM10.058 million in the FYE 2016 mainly due to lower transportation cost reflecting lower sales volume.

Administration expenses increased by 6.6% or RM1.466 million to RM23.746 million in the FYE 2017 from RM22.280 million in the FYE 2016 was principally due to higher staff and staff related costs, taking into consideration the needs to offer a competitive remuneration in line with the market to reward and retain caliber employees and incorporation of stamp duty and professional fee incurred on a new trade line facilities agreement.

Other expenses increased by 41.1% or RM2.118 million to RM7.274 million in the FYE 2017 from RM5.156 million in the FYE 2016. This was mainly due to the increase in impairment loss on trade receivables in the current financial year and the incorporation of a non-approved sales tax refund which was recognised as other income in the FYE 2016.

Total finance costs decreased by 31.6% or RM3.723 million to RM8.047 million in the FYE 2017 from RM11.770 million in the FYE 2016 mainly attributable to the reduction in borrowings by RM46.456 million from RM192.156 million as at 31 March 2016 to RM145.700 million as at 31 March 2017. At the same time, EBITDA (earnings before interest, tax, depreciation and amortization) has strengthened by 90.5% from RM26.574 million in FYE 2016 to RM50.635 million in FYE 2017 as a result of improved profits and reduction in finance costs.

Share of loss of the associated company, AOK Engineering Services Sdn Bhd ("AOK") increased by 74.1% or RM0.063 million to RM0.148 million in the FYE 2017 from share of loss of RM0.085 million in the FYE 2016. AOK was awarded with MSC Malaysia status in June 2016 and commenced its business in September 2016.

With the reduced borrowings, the Group's gross gearing and net gearing ratio has decreased to 0.61 times and 0.43 times respectively as at the end of FYE 2017 as compared to 0.89 times and 0.69 times respectively as at the end of FYE 2016.

Total capital expenditure incurred in FYE 2017 amounted to RM9.910 million mainly consist of capital work in progress in respect of the erection of a warehouse at Port Klang Free Zone, Westport, Malaysia, purchase of motor vehicles in connection with the company business, purchase of a unit of hydraulic pressed FRP sectional panel machine and a unit of automatic C/Z purlin punching and roll forming machine.

There was an increase in the inventories to RM155.111 million or inventory turnover of 127 days compared to the last financial year end inventories of RM145.321 million or inventory turnover of 99 days. The higher inventory turnover reflected lower sales of steel products and higher goods in transit, nonetheless, AYS always ensure that optimal and sustainable inventory levels are maintained conforming to trade-cycle for timely deliveries to customers.

AYS's trade receivable was at RM122.456 million or turnover of 84 days as compared to RM146.155 million or turnover of 90 days as at the end of FYE 2016. The lower trade receivable value and turnover days were due to lower sales, shorter credit term granted and continuous tight credit policies to ensure timely receivable collections from its customers.

The Group's liquidity remained healthy in the financial year with current and quick ratios increasing to 1.81 and 0.97 from 1.61 and 0.94 respectively in FYE 2016, mainly attributable to the improved cash inflows from operations whilst maintaining an adequate credit control that maximises the cash flows from each area of the business and minimises the risk of bad debt.

The trade payables increased to RM28.355 million or turnover of 23 days as compared to RM17.601 million or turnover of 12 days as at the end of FYE 2016 mainly due to accounting treatment to recognise the liability under letter of credit for goods in transit. The Group's current bank borrowings was at RM142.832 million as compared to RM187.994 million as at the end of FYE 2016, which mainly consist of bankers' acceptance which was generally used for the purchase of steel products. The lower net trade payables and current bank borrowings were mainly attributable to the lower purchase of steel products and improved cash inflows from operations.

REVIEW OF OPERATING ACTIVITIES

Steel trading businesses in the global scenario during the reporting period is very challenging with anti-dumping and trade barrier scheme in place to wear off unhealthy competitions and offer protection to industry stakeholders. In Malaysia safeguard measures are also implemented and to certain extent it does stabilize the market price. The most significant factor contributing to the positive effect on steel price during this period was the effort by the China authority in eradicating excess capacity especially those of the lower end product sector that always played an important role to destabilize market price. Together with China's sustainable economic growth and stability, the steel industry has been benefitted and continues to sustain price at current level with movement within close range.

Other than the price factor, the management's effort in rationalise the stock inventory as well as focus on supply chain management has effectively improved the Group's efficiency in financial resources allocation. The Group's proactive management on the exchange rate has minimised the exposure on exchange fluctuation. AYS's sales team continued to demonstrate the excellent customer service to the highest level and successfully keep the Group best performance to satisfy its value customers. The administrative and logistic staff uphold the effective operation module to keep the most efficient routine in the day to day operation. The entire team under the IMS initiative has cultivated a new culture of excellence and shall continue to contribute positively to the Group's revenue.

In view of the competitive landscape in the steel trade, there is need to plan for changes and develop new strategy to keep AYS's customer satisfaction at high note. AYS is installing a full automatic CNC structural steel facilities to produce steel structure components which targets to assist its valued customer on cost saving and faster delivery. With the new Service Centre, the Group shall have stronger collaboration with its customer and develop a long term cooperation with predictable product mix to enable faster stock turn over. In addition, the new processing facility will enable the Group to develop industrialised building system ("IBS") that is in line with the objective of the Malaysia Government in promoting IBS and generate new income stream for the Group.

ANTICIPATED OR KNOWN RISKS

Steel price fluctuation has been a norm in the recent years which is definitely an operation risk if not keeping it on track. AYS needs to monitor the price movement on daily basis from international sources and plan its procurement exercise so that it keeps the best strategy to lower the cost of material. Price of incoming material is definitely a key factor in determining the Group's competitiveness and therefore inventory strategy is extremely critical to keep the business competitive at all times.

Credit exposure is another business risk that AYS needs to manage carefully. Both under exposure or over exposure will affect the Group's bottom line and AYS needs to strike a balance to keep a healthy operational environment. Credit control function is the key in monitoring the exposure and work hand in hand with the sales team to ensure healthy collection on daily basis.

FORWARD-LOOKING STATEMENT

AYS's sector of business is directly related to the well-being of construction industry and with the positive outlook on construction industry supported with mega infrastructure such as MRT 2, LRT3, East Coast Rail Line, Double Track projects taking off in the near term, the Group expects financial year 2018 to be optimistic and it should be ready for more challenging opportunities. AYS strongly believes the market sector that it is operating is still on the growing path and the Group can expect healthy growth in financial year 2018 and beyond. AYS shall continue to develop the concept of one stop center for construction and engineering solutions and transforming the Group to be the preferred building partner in the construction and engineering industry.

DIVIDEND

Although AYS does not have a dividend policy, for the past four financial years, AYS has been consistently paying out dividend of 1 sen per share in each financial year. During the FYE 2017, AYS has declared and paid a first single tier interim dividend of 1.5 sen per share amounting RM5.706 million. In addition, the Board has recommended a final single tier dividend of 1.0 sen per share for the FYE 2017 subject to shareholders' approval at the forthcoming Annual General Meeting.

As always the Board is constantly mindful of striking a balance between paying dividends and to maintain adequate funds to meet the operation requirement and to build a healthy capital base for future profitability.

Corporate Social Responsibility Disclosure

AYS Ventures Berhad and its subsidiaries (“AYS” or “the Group”) acknowledges the importance of Corporate Social Responsibility (“CSR”) as a basis for building positive relationships towards the community, environment, its employees, customers, suppliers, shareholders and other stakeholders. AYS continues to embrace its sustainability programs, through compliance and endorsement of the Group’s Code of Business Conduct. The Group also emphasizes on long-term sustainable value creation for all its stakeholders and is consistently working towards integrating the four quadrants of Environment, Marketplace, Workplace and Community into its business operations with the objective to achieve a key balance towards reaching the Group’s mission, vision and business sustainability.

Environment

AYS values the importance of the environmental protection, pollution prevention and resource conservation, which are essential to a sustainable environment. The Group remains committed towards environmental conservation, continuing on recycle programme as part of efforts to reduce environmental and carbon footprints and to promote a sustainable environment through the conservation of precious resources such as water, environment and energy for future generations. To this end, the Group has taken various preventive measures and initiatives such as using solar street lamps to conserve energy, maximizing our raw material usage to minimise wastage where any steel that is left over from manufacturing is separately and recycled accordingly, such as making environmentally savvy furniture, ongoing practices where employees are encouraged to fully maximise the benefits of electronic environment (e.g. email, instant messaging and etc.) for communication, to adopt the principle of reduce, reuse and recycle wherever possible in order to minimize the use of new resources. Energy efficient bulbs are used and all computer peripherals, air-conditioning and lighting are switched off when not in use.

Marketplace

AYS’s vision and mission reflect its standing as leaders in the steel distribution industry. The Group embraces high standards of transparency and accountability in its dealings with all stakeholders and emphasizes on good corporate governance practices, transparency and accountability to meet shareholders’ expectations. AYS is committed to provide timely and meaningful information to various stakeholders, in order to facilitate understanding of the Group’s business direction and growth potential. AYS’s dedicated customer relations team aim to deliver safe, cost-effective and quality products and solutions to its customers and stakeholders that it serves. As well as serving its customers as best it can, AYS works to ensure that procurement of all goods and services provides best value for money. AYS evaluates potential suppliers to ensure they conduct their business in a socially responsible manner when it comes to the environment, employment and health and safety.

Workplace

AYS recognises that its employees are its greatest asset as the success of AYS depends in large part on its employees. Thus, managing talent within the Group is a priority and AYS always focus its energy on attracting and retaining talented individuals and encourage their growth and development within the Group. The Group strives to build strong relationships with its employees by providing them with enriched work experiences in an environment where they are respected, engaged and rewarded for their

contributions. This includes numerous training, learning and development opportunities at each step along an employee’s career path, and reward and recognition programmes for which all employees are eligible. The Group also strives to ensure an environmental friendly, healthy and safe workplace for all employees. To achieve this, the Group has taken steps to ensure that quality work environment which complies with the health and safety standard are provided to its employees as AYS understands that a good environment would raise its efficiency and productivity of employees besides improving the quality of life of its employees. As part of AYS’s efforts to ensure its employees have a good work-life balance besides encouraging better unity and teamwork, festive celebrations, periodic gatherings, team building activities and trips are organised to encourage directors, management and staffs of all levels to mingle and interact with one another to foster greater goodwill, enhance team spirit, build better communication and forge a better and more effective working relationship at all levels. In addition, AYS respects the different cultures, gender and religions of our stakeholders as the Group understands that the diversity and differences give broader range of competence, skills and to enhance its capabilities to achieve business results which is important for the overall business sustainability. Thus, the Group is committed to provide its staff an environment of equal opportunity to strive while promoting diversity in workforce.

Workplace Diversity as at 31 March 2017

CATEGORY	EXECUTIVE 51%	NON-EXECUTIVE 49%		
GENDER	MALE 58%	FEMALE 42%		
AGE GROUP	< 30 22%	30 TO < 40 33%	40 TO < 50 23%	50 & ABOVE 22%
DIVERSITY	LOCAL 90%	FOREIGN 10%		

Community

AYS recognises and values the communities that it operates within. As a responsible and caring corporate citizen, the Group strives for the betterment of society by participating directly and encouraging and supporting employees’ participation in community activities. AYS has been contributing to the community by providing supports in the form of donation besides gift in kind and voluntary work to deserving welfare and charity organizations, religion organizations, schools and the supports for culture and arts performances. For the financial year under review, AYS has sponsored Malaysia Steel & Metal Distributions’ Association for their purchase of a new four storey premise and contributed steel materials to Sam Ching Kong Welfare Society, Hulu Langat and Balai Bomba dan Penyelamat Sungai Pinang, Klang. The Group continues to organise blood donation campaign at its office in Klang, Selangor. AYS shall continue to focus on its corporate responsibility on enhancing community sustainability.



April 2016 - Broga Hill Hike



May 2016 - Sekinchan Paddy Run

The Group's Events in FYE 2017



June 2016 - Movie Night



July 2016 - Bowling Tournament



July 2016 - 5th Annual General Meeting



August 2016 - Blood Donation Campaign



September 2016 -
Obstacles Challenge at Tadam Base



October 2016 - Badminton Tournament



November 2016 - Company Annual Dinner



December 2016 - 3 days 2 nights Hatyai Trip



December 2016 - Christmas Party



DIY dining tables with benches from recycled materials at workers' rest area

Corporate Governance Statement

Corporate Governance Statement

The Board of Directors (“the Board”) of AYS VENTURES BERHAD (“the Company”) recognises that the exercise of good corporate governance in conducting the affairs of the Company and its subsidiaries (“the Group”) is the key component for the Group’s continuing progress and success as these would not only safeguard and enhance shareholders’ value but also provide some assurance that the interests of the other stakeholders are preserved. The Group will continue to endeavour to comply with all the key Principles and Best Practices of the Malaysian Code on Corporate Governance 2012 (“the Code”) in its effort to observe high standards of transparency, accountability and integrity.

The following paragraphs describe how the Group has applied the Principles of the Code and how the Board has complied with the Recommendations set out in the Code for the financial year ended 31 March 2017.

BOARD OF DIRECTORS

The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group’s business activities. The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as entrepreneurship, manufacturing, marketing, business development, finance, accounting and legal. As part of the governance process, the Company will be adopting a Board Charter.

Board Composition and Balance

The Board currently comprises of an Independent Non-Executive Chairman, a Group Managing Director, three (3) Executive Directors, a Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least one-third of the Board to comprise of independent directors.

The roles of the Chairman of the Board and Group Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and working of the Board whilst the Group Managing Director is responsible for the day-to-day running of the business and implementation of Board policies and decisions.

The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group. As the Company was only listed in 2012, the tenure of the Independent Non-Executive Directors of the Company are still below the 9 years limit as recommended in the Code. At this juncture, the Company has not adopted any policy on limiting the tenure of the Independent Non-Executive Directors and will consider this at a later stage.

Whilst the Executive Directors handles the day-to-day operations and implements the decisions of the Board, the Non-Independent Non-Executive Director of the Company provides guidance on strategy and continuity, using his expertise to add value to the long-term planning oversight of Key Risk Areas.

The Company does not have a policy on diversity of gender, ethnicity and age. The appointment of Ms Seow Nyoke Yoong and Ms Oh Pooi Foon as Directors reflects that the Board recognises the value of a lady member of the Board. The age of the Directors range from 37 to 78 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The Board has also appointed the Independent Non-Executive Chairman, Haji Mohd. Sharif Bin Haji Yusof, as the Senior Independent Director to whom concerns may be conveyed.

Board Responsibilities

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with the relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the Code and act in the best interest of the Group and shareholders.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to Management’s responsibilities, which the Executive Directors are aware and are responsible for meeting. The decision making of the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group is reserved to the Board.

The principal risk of all aspects of the business that the Group is engaged in is recognised by the Board. As business decisions require the incurrence of risk, the Board has in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group. This is to achieve a proper balance between risks incurred and potential returns to shareholders.

In discharging its fiduciary duties, the Board has delegated specific tasks to three (3) Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference and to report to the Board with the necessary recommendation.

As certain Board functions are delegated to Management, the Board ensures Management is of the highest caliber and has in place programmes to train and develop Management and also provide for the orderly succession of Management.

The Board recognises the importance to devote sufficient time and efforts to carry out their duties and responsibilities and has committed to this requirement at the time of their appointment. A Director of the Company is at liberty to accept other Board appointments so long as the appointment is not in conflict with the business of the Company and does not affect his performance as a Director. None of the Directors of the Company hold more than five (5) directorships in public listed companies.

Supply of Information

An agenda together with the relevant papers covering quantitative and qualitative information are distributed to all Directors within a week of the scheduled meetings. The Board members are provided with comprehensive explanation of pertinent issues and recommendations by the Management and issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. The Board members are also updated on the Group's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis whether as a full Board or in their individual capacity in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Company. The Company Secretary also serves in that capacity in the various Board Committees. The Company Secretary also serves notice to Directors and Principal Officers of the Company on the closed periods for trading in the Company's share accordance to Chapter 14 on Dealings in Listed Securities of the Listing Requirements.

Board Meetings

There were four (4) Board of Directors' Meetings held during the financial year ended 31 March 2017. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

DIRECTORS	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Haji Mohd. Sharif Bin Haji Yusof	4/4	100
Seow Nyoke Yoong	4/4	100
Mohamad Fazlin Bin Mohamad	4/4	100
Oh Chiew Ho	4/4	100
Oh Yung Sim	4/4	100
Tay Kim Chuan	4/4	100
Oh Pooi Foon	4/4	100
Toh Tuan Sun	4/4	100

The Board meets at least four (4) times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board before the meetings are held. The proceedings, deliberations and conclusions made by the Board are properly recorded in the minutes of meetings kept by the Company and confirmed by the Board and signed by the Chairman of the meeting.

Appointment to the Board

The principal function of making recommendations for new appointments or re-election of retiring Directors is delegated to the Nomination Committee.

A Nomination Committee has been established by the Board comprising wholly of Independent Non-Executive Directors as follows:

Seow Nyoke Yoong	<i>Chairman (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Mohamad Fazlin Bin Mohamad	<i>Member (Independent Non-Executive Director)</i>

Corporate Governance Statement *cont'd*

BOARD OF DIRECTORS *cont'd*

Appointment to the Board *cont'd*

The Nomination Committee is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year was properly documented and minuted by the Company Secretary. The evaluation of suitable candidate is not only based on academic but also through experience in this industry to ensure that valuable contribution which will be beneficial to the Company can be given to encourage growth of the Company.

Annually the Directors conduct a self-evaluation and the Nomination Committee assess the performance of the various committees. In the self-evaluation, each of the Directors have responded they strongly view themselves to fit in well with the other board members and are able to add to the Board's strength, abilities, experience and judgement. They also rated themselves high in the ability of preparedness for the meetings and discussion matters and insists upon and sources all information necessary for consideration of a particular issue or decision.

In the assessment of the performance of the Audit Committee, the Nomination Committee checks if the Audit Committee has reviewed the Internal Control policies, procedures & process and reporting of business risk, ensured internal audit function is in place, assessed the communication with external auditors and the scope of audit plan and reviewed related party transactions and any conflict of interest.

The Board had assessed the Nomination Committee if the latter has ensured that there is an effective procedure for identifying, nominating and appointing caliber new board members, evaluated if the education programme is in place and reviewed feedbacks from individual Directors.

The performance of the Remuneration Committee is assessed by the Nomination Committee to ensure that the Remuneration Committee has considered the financial performance of the Company before making recommendation of any increase of remuneration and ensure fees payable to Non-Executive Directors reflect experience, contribution and level of responsibility.

Further details on the duties and activities of the Nomination Committee is set out in the Nomination Committee Report.

Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third (1/3) of the Board of Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office at each annual general meeting and shall be eligible for re-election.

Directors' Training

All the Directors who were appointed have attended the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and they have also attended external training courses and programmes during the financial year. The directors are encouraged to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to sustain their active participation in board deliberations. The following Directors have attended external training courses and programmes during the financial year.

No.	CONTINUING EDUCATION PROGRAMME ATTENDED	DATE ATTENDED
1.	Haji Mohd. Sharif Bin Haji Yusof	
	Proposed Amendments to the SC's Guidelines and Bursa Malaysia Listing Requirements on REITS.	24 October 2016
	Anti-corruption and Integrity - Foundation of Corporate Sustainability	08 December 2016
	Compliance with Companies Act 2016	20 February 2017
2.	Seow Nyoke Yoong	
	Audit Committee Workshop: The Statement of Risk Management & Internal Control	13 July 2016
	Compliance with Companies Act 2016	20 February 2017
3.	Mohamad Fazlin Bin Mohamad	
	Audit Committee Workshop: The Statement of Risk Management & Internal Control	13 July 2016
	Compliance with Companies Act 2016	20 February 2017
4.	Oh Chiew Ho	
	Compliance with Companies Act 2016	20 February 2017
5.	Toh Tuan Sun	
	Mandatory Accreditation Programme For Directors of Public Listed Companies	04 May 2016 – 05 May 2016
	Compliance with Companies Act 2016	20 February 2017

No.	CONTINUING EDUCATION PROGRAMME ATTENDED	DATE ATTENDED
6.	Oh Yung Sim	
	CTOS Training - Gain Insights To Your Financials For Credit Risks Management & Fraud Protection	12 May 2016
	Compliance with Companies Act 2016	20 February 2017
7.	Tay Kim Chuan	
	Integrated Reporting	10 October 2016
	RMB Post inclusion in SDR - The impact on international trade and investment	01 November 2016
	How to leverage on AGMs for better engagement with shareholders during the Launching of the AGM Guide & CG	21 November 2016
	Compliance with Companies Act 2016	20 February 2017
8.	Oh Pooi Foon	
	CTOS Training - Gain Insights To Your Financials For Credit Risks Managements Fraud Protection	12 May 2016
	Compliance with Companies Act 2016	20 February 2017

Directors' Remuneration

The Remuneration Committee had been established by the Board comprised majority of Independent Non-Executive Directors, as follows:-

Seow Nyoke Yoong	<i>Chairman (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Oh Chiew Ho	<i>Member (Group Managing Director)</i>

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

The Remuneration Committee met twice during the financial year ended 31 March 2017 to review the Non- Executive Directors' fees and allowance, remuneration package of the existing and new Executive Directors and the annual bonuses and increments.

Details of Directors' remuneration for the financial year ended 31 March 2017 are set out as below:

COMPANY	FEES (RM'000)	ALLOWANCES (RM'000)	TOTAL (RM'000)
Executive Directors	144	-	144
Non-Executive Directors	210	6	216

GROUP	FEES (RM'000)	SALARIES (RM'000)	BONUS AND ALLOWANCES (RM'000)	STATUTORY CONTRIBUTION (RM'000)	BENEFIT- IN-KIND (RM'000)	TOTAL (RM'000)
Executive Directors	144	3,017	968	760	186	5,075
Non-Executive Directors	210	660	506	221	17	1,614

The number of Directors whose total remuneration falls within the respective bands is as follows:

	EXECUTIVE	NON-EXECUTIVE
RM50,001 - RM100,000		3
RM600,001 - RM650,000	1	
RM700,001 - RM750,000	1	
RM750,001 - RM800,000	1	
RM1,400,001 - RM1,450,000		1
RM2,950,001 - RM3,000,000	1	
	4	4

Directors do not participate in decisions regarding their own remuneration packages. Any increase in Directors' fees will be approved at the Annual General Meeting by the shareholders.

Corporate Governance Statement *cont'd*

SHAREHOLDERS

Dialogue with Investors

The Board is committed to ensuring that the shareholders and other stakeholders are well informed of the Group's strategy performance and major developments of the Company and the information is communicated to them through the following:

- (i) the Annual Report;
- (ii) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the quarterly results and annual results;
- (iii) the website at www.ays-group.com which shareholders as well as members of the public are invited to access for the latest information on the Group; and
- (iv) the meetings with fund managers and analysts and interviews by the press.

General Meetings

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings is held as and when required.

ACCOUNTABILITY AND AUDIT

The oversight function of the Board is served by the Audit Committee that has been established comprising wholly of Independent Non-Executive Directors as follows:-

Haji Mohd. Sharif Bin Haji Yusof	<i>Chairman (Independent Non-Executive Director)</i>
Seow Nyoke Yoong	<i>Member (Independent Non-Executive Director)</i>
Mohamad Fazlin Bin Mohamad	<i>Member (Independent Non-Executive Director)</i>

Further details on the duties and activities of the Audit Committee is set out in the Audit Committee Report.

Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to submission to Bursa Malaysia Securities Berhad. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2017, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

Internal Control

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. Details of the Company's internal control system and the framework are set out in the Statement on Risk Management and Internal Control.

Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee reviews and monitors the suitability and independence of external auditors. To provide support for an assessment on independence, the Audit Committee obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Audit Committee Report

COMPOSITION

Haji Mohd. Sharif Bin Haji Yusof
Chairman, Independent Non-Executive Director

Seow Nyoke Yoong
Member, Independent Non-Executive Director

Mohamad Fazlin Bin Mohamad
Member, Independent Non-Executive Director

AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2017, four (4) Audit Committee Meetings were held and the details of attendance of each member are as follows:-

AUDIT COMMITTEE MEMBERS	TOTAL MEETINGS ARRENDED
Haji Mohd. Sharif Bin Haji Yusof	4/4
Seow Nyoke Yoong	4/4
Mohamad Fazlin Bin Mohamad	4/4

FUNCTIONS OF AUDIT COMMITTEE

The main functions of the Committee include the following:

- (1) review the following and report the same to the Board:
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, their evaluation of the system of internal controls;
 - (c) with the external auditors, their audit report;
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.

- (2) recommend the nomination of a person or persons as external auditors.
- (3) assessment of financial risk.
- (4) to consider the major findings of internal investigations and management's response.

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2017, the Audit Committee, in discharging its functions and duties, carried out the following activities:-

- Reviewed the quarterly reports of the Group prior to submission to the Board of Directors for consideration and approval;
- Reviewed the audited financial statements of the Company and of the Group for the financial year ended 31 March 2017 prior to submission to the Board of Directors for consideration and approval;
- Reviewed the external auditors' report on the Statement on Risk Management and Internal Control ("SRMIC") in respect of the financial year ended 31 March 2017 prior to submission of the Board of Directors for consideration and approval;
- Reviewed the Committee's report in respect of the financial year ended 31 March 2017 prior to submission of the Board of Directors for consideration and approval;
- Reviewed and approved the Audit Planning Memorandum;
- Reviewed and discussed the Internal Audit Report;
- Reviewed and discussed on the Enterprise Risk Management Report;
- Recommended the re-appointment of external auditors and the payment of audit fees;
- Reviewed the policies and procedures prior to submission to the Board of Directors for consideration and approval;
- Reviewed the performance of the Group; and
- Reviewed the competency and effectiveness of the internal auditors.

Internal Audit Function

The Company's internal audit function is undertaken on a co-sourcing basis. The Company's in-house Internal Auditor works together with UHY Advisory (KL) Sdn Bhd ("UHY") to perform the independent risk-based internal audit review on the key operational areas of the Group. The Internal Audit Plan for the year 2017/2018 was approved and the four main areas identified for review encompassed the following:

- (i) Goods and Service Tax;
- (ii) Procurement – Material and Inventory Functions;
- (iii) Financial Authority Limit (Compliance) and Credit Control Functions; and
- (iv) Accounting System.

During the financial year ended 31 March 2017, an amount of RM189,000 was incurred in respect of the Group's internal audit function.

Nomination Committee Report

COMPOSITION

The Company has established a Nomination Committee comprising exclusively of Independent Non-Executive Directors, as follows:-

Seow Nyoke Yoong	<i>Chairman (Independent Non-Executive Director)</i>
Haji Mohd. Sharif Bin Haji Yusof	<i>Member (Independent Non-Executive Director)</i>
Mohamad Fazlin Bin Mohamad	<i>Member (Independent Non-Executive Director)</i>

The Nomination Committee has a written terms of reference dealing with its authority and duties which includes the selection and assessment of directors.

FUNCTIONS

The key functions of the Nomination Committee include the following:

- (a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.
- (b) Review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.
- (c) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- (d) Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board taking into consideration the skills, knowledge, expertise and experience; professionalism; integrity of the candidate; and in the case of candidates for position of Independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors
- (e) Formalise a transparent procedure for proposing new nominees and recommending on the suitability of candidates nominated for appointment to the Board and to fill the seats of the Audit, Nomination, Remuneration and other Committees.
- (f) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director based on the process implemented by the Board.

The Nomination Committee met once during the financial year ended 31 March 2017.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2017, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

- a. reviewed the mix of skill and experience and other qualities of the Board;
- b. assessed the effectiveness of the Board as a whole, the Board committees and the Directors;
- c. discussed and recommended the re-election/re-appointment of retiring Directors; and
- d. recommended to the Board, the candidate to fill the seat on the Board.

The Nomination Committee upon its annual assessment carried out for financial year 2017, was satisfied that:

- a. the size and composition of the Company Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
- b. the Board has been able to discharge its duties professionally and effectively;
- c. all the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- d. all the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective work experience, academic, and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;
- e. the Independent Directors bring independent and objective judgement to the Board and mitigates risks arising from conflict of interest or undue influence from interested parties;
- f. the Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- g. all the Directors have received training during the financial year ended 31 March 2017 that is relevant and would serve to enhance their effectiveness in the Board.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound internal control system and risk management to safeguard the shareholders' investments and the Group's assets. The Board of Directors ("Board") is committed to maintain a sound system of risk management and internal control in the Group. Set out below is the Board of Directors' "Statement on Risk Management and Internal Control" which has been prepared in accordance with the paragraph 15.26 (b) of the Main Market Listing Requirements and Guidelines for Directors of Listed Issuers: Statement on Risk Management and Internal Control.

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsible for the adequacy, integrity and effectiveness of the AYS Group's ("the Group") risk management and internal control system. The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's and business objectives will be achieved. The Board regularly reviews the internal control system to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board has received assurance from the Group Managing Director and the Executive Director that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

RISK MANAGEMENT

The Board of Directors is aware that a risk management framework and sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group has in place an on-going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives.

Management is continuously reviewing potential risk areas through discussions held at half yearly management meetings and reported to Audit Committee. Where a particular risk is identified, it will be monitored with counter measures taken to mitigate the risk, if possible.

Internal Review and Audit

The Group's internal audit function is outsourced to an independent professional firm, UHY Advisory (KL) Sdn Bhd who reports directly to the Audit Committee. In addition, the internal audit function is responsible to conduct consistent and systematic review on the adequacy and integrity of internal control systems to provide reasonable assurance to ensure risks are appropriately identified and mitigated.

An internal audit review report is submitted to the Audit Committee on a quarterly basis. Criteria to be addressed in the report include risk identification and mitigation, corrective action plans and implementation of the plans by the Management.

Follow-up visits were carried out to ensure weaknesses identified have been or are being addressed. Periodic internal audit reports and status on follow up actions were tabled to the Audit Committee and Board during its quarterly meetings.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountant ("MIA") for inclusion in the annual report for the year ended 31 March 2017. Based on their review, nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control cover all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon.

CONCLUSION

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

During the financial year under review, the Board is satisfied that no material losses, deficiencies or errors were arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report.

The Board will continue to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

This statement was approved by the Board on 22 May 2017.

Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no proceeds raised from corporate proposal.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to SJ Grant Thornton, the external auditors by the Group for the financial year ended 31 March 2017 was RM123,000 and RM5,000 respectively.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review.

Financial Statements

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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 2017.

PRINCIPAL ACTIVITIES

The principle activity of the Company is investment holding. The principle activities of its subsidiaries are disclosed in Note 6 to the Financial Statements.

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit for the financial year	27,732	9,953
Attributable to:		
Owners of the company	27,835	9,953
Non-controlling interests	(103)	-
	27,732	9,953

RESERVES AND PROVISIONS

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

DIVIDENDS

RM'000

The amounts of dividend declared and paid by the Company since the end of the previous financial year are as follows:-

In respect of the financial year ended 31 March 2017:-

First single tier interim dividend of 1.5 sen per ordinary share amounting to RM5,706,265 paid on 22 December 2016	5,706
--	-------

The Directors recommend the payment of a final single tier dividend of 1.0 sen per ordinary share amounting to RM3,804,177 in respect of the financial year ended 31 March 2017, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are as follows:-

Haji Mohd. Sharif Bin Haji Yusof
Oh Chiew Ho
Seow Nyoke Yoong
Mohamad Fazlin Bin Mohamad
Toh Tuan Sun
Oh Yung Sim
Oh Pooi Foon
Tay Kim Chuan

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:-

	NUMBER OF ORDINARY SHARES			AT 31 MARCH 2017
	AT 1 APRIL 2016	BOUGHT	SOLD	
Direct interest				
Toh Tuan Sun	5,712,100	-	-	5,712,100
Indirect interest				
Oh Chiew Ho#	264,707,360	-	-	264,707,360
Interest in the holding company (Chiew Ho Holding Sdn. Bhd.)				
Direct interest				
Oh Chiew Ho	51	-	-	51
Oh Yung Sim	10	-	-	10
Oh Pooi Foon	10	-	-	10

Indirect interest by virtue of his shareholdings in Chiew Ho Holding Sdn. Bhd. and Ann Yak Siong Group Sdn. Bhd., the shareholders of AYS Ventures Berhad.

By virtue of Oh Chiew Ho's substantial direct interests in the shares of the holding company, he is also deemed to have interests in the shares of the Company and all of its other related companies to the extent that the holding company has an interest under Section 8 of the Companies Act, 2016.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Notes 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.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of new shares and debentures issued during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and adequate provision for doubtful debts had been made; and
- to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

Directors' Report *cont'd*

OTHER STATUTORY INFORMATION *cont'd*

At the date of this report, the Directors are not aware of any circumstances (cont'd):-

- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) 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 liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (c) 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; and
- (d) the indemnity given to or insurance effected to the Directors and officers of the Group and of the Company amounted to RM18,692.

HOLDING COMPANY

The holding company is Chiew Ho Holding Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The total amount of fees paid to or receivable by the auditors, Messrs SJ Grant Thornton, as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 March 2017 amounted to RM17,000 and RM123,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

Approved and signed on behalf of the Directors in accordance with a resolution of the Directors,

.....
OH CHIEW HO
DIRECTOR

.....
OH YUNG SIM
DIRECTOR

Klang
22 May 2017

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 35 to 71 are drawn up in accordance with the 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 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 72 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

.....
OH CHIEW HO

.....
OH YUNG SIM

Klang
22 May 2017

Statutory Declaration

I, Tay Yew Thiam, being the officer primarily responsible for the financial management of AYS Ventures Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 35 to 71 and the supplementary information set out on page 72 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
22 May 2017)

.....
TAY YEW THIAM

Before me:

Arulsamy A/L Savarimuthu
No. W.490

Commissioner for Oaths

Independent Auditors' Report

to the members of AYS VENTURES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AYS Ventures Berhad, which comprise the statements of financial position as at 31 March 2017 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 35 to 71.

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 of 31 March 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Impairment loss on trade receivables

The risk

The Group has trade receivables amounting to RM57,000,185 as disclosed in Note 35(a)(i) to the Financial Statements whereby the amounts are past due but not impaired. The key associate risk is the recoverability of billed trade receivables as management judgement is required in assessing the adequacy of impairment losses by considering the expected recoverability of the outstanding trade receivables.

Our responses

We have challenged management's assumptions in providing impairment losses on trade receivables. Our procedures includes reviewing the ageing of trade receivables, testing the integrity of the ageing and assessed the recoverability of outstanding receivables through examination of subsequent receipts. We have also tested the operating effectiveness of the relevant control procedures that management has in place.

Based on the results of the audit procedures, we are satisfied that impairment losses for trade receivables of the Group have been provided in line with the Group policy and we did not identify any material exception.

Valuation of inventories

The risk

The inventories balances amounting to RM155,111,333 as disclosed in Note 8 to the Financial Statements is significant to the total assets. Inventories are measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.

Our responses

We have reviewed the valuation of inventories in accordance with MFRS 102, Inventories and ascertained that inventories are stated at the lower of cost and NRV. Management's assessment of NRV of the inventories were reviewed. We have reviewed the ageing of inventories and tested the subsequent sales. We have also considered the adequacy of the Group's disclosures in respect of inventories valuation.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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 going concerns, disclosing, as applicable, matters related to going concerns and using the going concerns basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

Independent Auditors' Report

to the members of AYS VENTURES BERHAD *cont'd*

Report on the Audit of the Financial Statements *cont'd*

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- 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.

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 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 Reporting Responsibilities

The supplementary information set out on page 72 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 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.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

KHO KIM ENG
(NO: 3137/10/18(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
22 May 2017

Statements of Financial Position

as at 31 March 2017

	NOTE	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	79,532	72,614	-	-
Investment properties	5	15,060	15,095	-	-
Investment in subsidiaries	6	-	-	160,100	160,100
Investment in an associate	7	217	365	450	450
Total non-current assets		94,809	88,074	160,550	160,550
Current assets					
Inventories	8	155,111	145,321	-	-
Trade receivables	9	122,456	146,155	-	-
Other receivables	10	9,409	10,073	20	20
Amount due from subsidiaries	11	-	-	34,809	30,560
Tax recoverable		1,813	4,141	-	-
Fixed deposits with licensed banks	12	36,482	27,635	-	-
Cash and bank balances		8,202	16,641	27	43
Total current assets		333,473	349,966	34,856	30,623
Asset classified as held-for-sale	13	-	120	-	-
Total assets		428,282	438,160	195,406	191,173
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	14	190,209	190,209	190,209	190,209
Retained earnings	15	186,805	164,676	5,026	779
Revaluation reserve	16	9,718	9,718	-	-
Capital reserve	17	3,595	3,595	-	-
Merger deficit	18	(153,190)	(153,190)	-	-
		237,137	215,008	195,235	190,988
Non-controlling interests		765	868	-	-
Total equity		237,902	215,876	195,235	190,988
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	19	3,779	1,970	-	-
Finance lease liabilities	20	935	1,439	-	-
Bank borrowings	21	1,216	1,725	-	-
Total non-current liabilities		5,930	5,134	-	-
Current liabilities					
Trade payables	22	28,355	17,601	-	-
Other payables	23	8,922	9,738	171	185
Finance lease liabilities	20	717	998	-	-
Bank borrowings	21	142,832	187,994	-	-
Tax payable		3,558	13	-	-
Derivative financial instruments	24	66	806	-	-
Total current liabilities		184,450	217,150	171	185
Total liabilities		190,380	222,284	171	185
Total equity and liabilities		428,282	438,160	195,406	191,173

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

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 March 2017

	NOTE	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	25	530,085	591,352	10,500	4,000
Cost of sales		(446,476)	(537,712)	-	-
Gross profit		83,609	53,640	10,500	4,000
Other income		5,087	7,444	-	-
Selling and distribution expenses		(9,816)	(10,058)	-	-
Administration expenses		(23,746)	(22,280)	(547)	(573)
Other expenses		(7,274)	(5,156)	-	-
Finance costs		(8,047)	(11,770)	-	-
Share of loss of associate		(148)	(85)	-	-
Profit before tax		39,665	11,735	9,953	3,427
Tax expense	26	(11,933)	(3,452)	-	-
Net profit/total comprehensive income for the financial year		27,732	8,283	9,953	3,427
Net profit/total comprehensive income for the financial year attributable to:-					
Owners of the Company		27,835	8,269	9,953	3,427
Non-controlling interest		(103)	14	-	-
		27,732	8,283	9,953	3,427
Earnings per share					
Basic earnings per ordinary share attributable to owners of the Company (RM)	27	0.07	0.02		
Included in profit before tax are the following items:-					
Rental expenses		59	72	-	-
Rental income		(73)	(69)	-	-
Hiring of machinery		360	429	-	-
Realised loss on foreign exchange		1,013	1,898	-	-

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

Statements of Changes in Equity

for the financial year ended 31 March 2017

Group	ATTRIBUTABLE TO OWNERS OF COMPANY								
	NON-DISTRIBUTABLE				DISTRIBUTABLE			NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL RESERVE	MERGER DEFICIT	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 April 2015	190,209	3,595	(153,190)	9,718	164,015	214,347	854	215,201	
Total comprehensive income for the financial year	-	-	-	-	8,269	8,269	14	8,283	
Transaction with owners:									
Dividend to owners of the Company (Note 32)	-	-	-	-	(7,608)	(7,608)	-	(7,608)	
Balance at 31 March 2016	190,209	3,595	(153,190)	9,718	164,676	215,008	868	215,876	
Total comprehensive income for the financial year	-	-	-	-	27,835	27,835	(103)	27,732	
Transaction with owners:									
Dividend to owners of the Company (Note 32)	-	-	-	-	(5,706)	(5,706)	-	(5,706)	
Balance at 31 March 2017	190,209	3,595	(153,190)	9,718	186,805	237,137	765	237,902	
Company									
Balance at 1 April 2015	190,209	-	-	-	4,960	195,169	-	195,169	
Total comprehensive income for the financial year	-	-	-	-	3,427	3,427	-	3,427	
Transaction with owners:									
Dividend to owners of the Company (Note 32)	-	-	-	-	(7,608)	(7,608)	-	(7,608)	
Balance at 31 March 2016	190,209	-	-	-	779	190,988	-	190,988	
Total comprehensive income for the financial year	-	-	-	-	9,953	9,953	-	9,953	
Transaction with owners:									
Dividend to owners of the Company (Note 32)	-	-	-	-	(5,706)	(5,706)	-	(5,706)	
Balance at 31 March 2017	190,209	-	-	-	5,026	195,235	-	195,235	

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

Statements of Cash Flows

for the financial year ended 31 March 2017

	NOTE	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		39,665	11,735	9,953	3,427
Adjustments for:-					
Depreciation of property, plant and equipment		2,923	3,069	-	-
Impairment loss on trade receivables		2,677	508	-	-
Goodwill written off		-	4	-	-
Interest expense		8,047	11,770	-	-
Unrealised (gain)/loss on foreign exchange		(163)	1,139	-	-
Gain on disposal of property, plant and equipment		(415)	(145)	-	-
Gain on disposal of investment properties		(24)	-	-	-
Gain on disposal of assets held for sales		(26)	-	-	-
Gain on fair value adjustments on investment properties		(115)	(61)	-	-
Interest income		(1,481)	(1,357)	-	-
Bad debts written off		11	79	-	-
Property, plant and equipment written off		36	-	-	-
Share of loss of associate		148	85	-	-
Impairment loss on trade receivables no longer required		(1,687)	(468)	-	-
Operating profit before working capital changes		49,596	26,358	9,953	3,427
Changes in working capital:-					
Inventories		(9,790)	45,734	-	-
Receivables		22,687	11,863	-	(15)
Payables		9,929	(2,692)	(14)	16
Cash generated from operations		72,422	81,263	9,939	3,428
Tax paid		(4,487)	(4,221)	-	-
Tax refund		236	-	-	-
Interest received		1,481	1,357	-	-
Interest paid		(8,047)	(11,770)	-	-
Net cash from operating activities		61,605	66,629	9,939	3,428
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary		-	-	-	(100)
Acquisition of associate company		-	(450)	-	(450)
Purchase of property, plant and equipment	A	(9,659)	(4,189)	-	-
Proceeds from disposal of property, plant and equipment		448	184	-	-
Proceeds from disposal of investment properties		174	-	-	-
Proceeds from disposal of asset held-for sale		146	-	-	-
Net cash inflow from acquisition of subsidiary		-	65	-	-
Net cash used in investing activities		(8,891)	(4,390)	-	(550)

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

	NOTE	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOW FROM FINANCING ACTIVITIES					
(Advances to)/repayments from subsidiaries		-	-	(4,249)	4,747
Dividend paid		(5,706)	(7,608)	(5,706)	(7,608)
Withdrawal/(placement) of fixed deposits with licensed banks		6,980	(475)	-	-
Drawdown from bankers' acceptance		502,117	966,281	-	-
Repayment of bankers' acceptance		(545,920)	(1,023,665)	-	-
Repayment of finance lease liabilities		(1,036)	(1,286)	-	-
Repayment of onshore foreign currency loan		(583)	-	-	-
Repayment of term loans		(476)	(338)	-	-
Net cash used in financing activities		(44,624)	(67,091)	(9,955)	(2,861)
CASH AND CASH EQUIVALENTS					
Net changes		8,090	(4,852)	(16)	17
At beginning of financial year		17,542	22,358	43	26
Effect on foreign exchange rate		107	36	-	-
At end of financial year	B	25,739	17,542	27	43

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Group

During the financial year, the Group acquired property, plant and equipment with aggregate costs of RM9,909,870 (2016: RM4,188,883) of which RM251,000 (2016: Nil) were acquired by means of finance lease arrangements. Cash payments of RM9,658,870 (2016: RM4,188,883) were made to purchase the property, plant and equipment.

B. CASH AND CASH EQUIVALENTS:-

Cash and cash equivalents included in the Statements of Cash Flows comprise the following amounts:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	8,202	16,641	27	43
Fixed deposits with licensed banks	36,482	27,635	-	-
Less: Bank overdrafts	-	(809)	-	-
	44,684	43,467	27	43
Less: Fixed deposits pledged	(18,945)	(25,925)	-	-
	25,739	17,542	27	43

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

Notes to the Financial Statements *cont'd*

31 March 2017

1. PRINCIPAL ACTIVITIES AND GENERAL 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 registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan and the principal place of business of the Company is located at Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 to the Financial Statements.

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

The holding company is Chiew Ho Holding Sdn. Bhd., a company incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 May 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

2. BASIS OF PREPARATION *cont'd*

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000) except when otherwise stated.

2.4 Adoption of Amendments to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the financial year, the Group and the Company adopted amendments to MFRSs which are mandatory for the current financial year.

Initial application of the amendments to the standards did not have material impact to the financial statements.

2.5 Standard Issued But Not Yet Effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

Amendments to MFRSs effective 1 January 2017:

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

Amendments to MFRS 112* Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

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

MFRSs, Amendments to MFRSs and IC Int effective 1 January 2018:

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

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

MFRS 15 Revenue from Contracts with Customers

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

Amendments to MFRS 140 Investment Property: Transfers of Investment Property

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

IC Interpretation 22* Foreign Currency Transactions and Advance Consideration

MFRS effective 1 January 2019:

MFRS 16 Leases

Amendments to MFRSs - effective date deferred indefinitely

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

**Not applicable to the Group and the Company's operations*

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:-

Amendments to MFRS 107 Statement of Cash Flows: Disclosure: Initiative

The amendments require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

Notes to the Financial Statements *cont'd*

31 March 2017

2. BASIS OF PREPARATION *cont'd*

2.5 Standard Issued But Not Yet Effective *cont'd*

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:- *cont'd*

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

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

MFRS 15 Revenue From Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the impact of adopting MFRS 15 and plan to adopt the new standard on the required effective date.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminated the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

The Group and the Company are currently assessing the impact of adopting MFRS 16 and plan to adopt the new standard on the required effective date.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

2.6.1 Estimation Uncertainty

Information about significant judgement, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Revaluation of property, plant and equipment

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income.

The carrying amounts of the land and buildings at the end of the reporting period and the relevant revaluation bases are disclosed in Note 4 to the Financial Statements.

Revaluation of investment properties

The Group measures its investment properties at fair value with changes in fair value being recognised in profit or loss.

The carrying amounts of the investment properties at the end of the reporting period and the relevant revaluation bases are disclosed in Note 5 to the Financial Statements.

2. BASIS OF PREPARATION *cont'd*

2.6 Significant Accounting Estimates and Judgements *cont'd*

2.6.1 Estimation Uncertainty *cont'd*

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at each reporting date. As at 31 March 2017, management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Note 4 to the Financial Statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, resulting in the adjustment to the Group's assets.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's net profit for the financial year.

Income taxes

Significant judgement is involved in determining the Group-wide 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 tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristic.

The management expects that the carrying amount of the Group's loans and receivables would not have material difference from the management's estimates and hence it would not result in material variance in the Group's net profit for the financial year.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustments to asset-specific risk factors.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core businesses are subject to economical and technology changes which may cause selling prices to change rapidly and the Group's net profit to change.

The carrying amounts of the Group's inventories at the reporting date is disclosed in Note 8 to the Financial Statements.

Notes to the Financial Statements *cont'd*

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2. BASIS OF PREPARATION *cont'd*

2.6 Significant Accounting Estimates and Judgements *cont'd*

2.6.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effects on the financial statements:-

Leases

In applying the classification of leases in MFRS117, management considers some of its leases of motor vehicles and plant and machinery as finance lease arrangements.

The lease transaction is not always conclusive, management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both, therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance lease), the Group accounts for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

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

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full in preparing the consolidated financial statements. Unrealised gains and losses resulting from intra-group transactions are eliminated in full.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.2 Basis of consolidation *cont'd*

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Merger method

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. This is not applicable to Infinity FZ Sdn. Bhd. which was accounted for under the acquisition method.

Acquisition method

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3.1.3 Business combinations and goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Notes to the Financial Statements *cont'd*

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.1 Consolidation *cont'd*

3.1.5 Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that result in a deficit balance.

3.1.6 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in its associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associate. The Group determines at each reporting period whether there is any objective evidence that the investments in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gains or losses arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associate is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.3 Tax Expenses

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

3.3.1 Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and are measured using tax rates that have been enacted by the reporting year and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.3.2 Deferred tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date, except for land and buildings carried at revalued amounts and investment properties carried at fair values. Where land and buildings are carried at their revalued amounts and investment properties carried at their fair values in accordance with the accounting policies set out in Note 3.4 and Note 3.5 to the Financial Statements respectively, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values 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 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 allowances being tax incentives that are not tax base of an asset, are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentives can be utilised.

3.3.3 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

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

Notes to the Financial Statements *cont'd*

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.4 Property, Plant and Equipment and Depreciation

All property, plant and equipment except for land and buildings are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are stated at revalued amount, which is the fair value at the date of revaluation less accumulated depreciation and impairment losses. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

At the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Depreciation of property, plant and equipment is provided on the straight line method in order to write off the cost of each asset over its estimated useful life. No depreciation is provided on freehold land and capital work in progress.

The principal annual depreciation rates used are as follows:-

Buildings	2%
Machinery and equipment	10% - 20%
Motor vehicles and others	10% - 20%

Restoration cost relating to an item of the property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

The residual values, useful lives and depreciation method are reviewed at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their 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 amounts of the assets and are recognised in profit or loss.

3.5 Investment Properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property, the cost of self-constructed investment property includes the cost of materials and direct labours, any other costs directly attributable to bring the investment property to working condition for its intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair values and are included in the statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.6 Inventories

Inventories of raw materials, work-in-progress, finished goods and goods in transit are valued at the lower of cost and net realisable value less allowance for obsolete and slow moving. Cost is determined on the weighted average basis.

Costs of raw materials comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods include the cost of materials, direct labours and appropriate proportion of production overheads.

Costs of goods in transit comprise the cost of purchase.

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

3.7 Financial Instruments

3.7.1 Initial recognition and measurement

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

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below:-

3.7.2 Financial assets – categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity investments; and
- (d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets.

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

At the reporting date, the Group and the Company carry only the loans and receivables on their statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, amounts due from subsidiaries, trade and most other receivables fall into this category of financial instruments.

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

Notes to the Financial Statements *cont'd*

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.7 Financial Instruments *cont'd*

3.7.3 Financial liabilities – categorisation and subsequent measurement

After the initial recognition, financial liabilities are classified as:-

- (a) financial liabilities at fair value through profit or loss;
- (b) other financial liabilities measured at amortised cost using the effective interest method; and
- (c) financial guarantee contracts.

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

At the reporting date, the Group and the Company carry only other financial liabilities measured at amortised cost on their statements of financial position.

Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables, finance lease liabilities and bank borrowings.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Other financial liabilities are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.8 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, 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 a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group or the Company 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

3.9 Assets Acquired Under Finance Lease Arrangements

The cost of property, plant and equipment acquired under finance lease arrangements which transferred substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligations due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease arrangements are allocated to profit or loss over the period of the respective agreements.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, banks balances, short term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.11 Non-current Assets Held for Sale

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

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated. Any differences are recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.12.1 Sales of goods

Revenue from sales of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible returns of goods.

3.12.2 Interest income

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

3.12.3 Rental income

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

3.12.4 Dividend income

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

3.13 Impairment of Financial Assets

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

3.13.1 Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

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

Notes to the Financial Statements *cont'd*

31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.14 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

3.15 Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognised at fair value or the date a derivative contract is entered into and subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives designated as hedging instrument, and if so, the nature of the item being hedged.

3.16 Equity Instruments

Ordinary shares are classified as equity. Dividend on ordinary shares is recognised as a liability as and when approved.

The transaction cost of an equity transaction which comprise only those incremental external cost directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

Retained earnings include all current and prior years' retained profits. All transactions with the owners of the Company are recorded separately within equity.

3.17 Borrowing Costs

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for their intended use.

All other borrowing costs are expensed in the year in which they incurred.

3.18 Employees Benefits

3.18.1 Short term benefits

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

3.18.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.19 Operating Segments

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

3.20 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs such that outflow is probable and can be measured reliably, it will then be recognised as a provision.

3.21 Related Parties

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

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the parent of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity;
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) a person identified in (a)(i) above which has significant influence over the entity or is a member of the key management personnel of the entity or of the parent of the entity; or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Financial Statements *cont'd*

31 March 2017

4. PROPERTY, PLANT AND EQUIPMENT

Group	At VALUATION		At COST			TOTAL RM'000
	FREEHOLD LAND RM'000	BUILDINGS RM'000	MACHINERY AND EQUIPMENT RM'000	MOTOR VEHICLES AND OTHERS RM'000	CAPITAL WORK IN PROGRESS RM'000	
Cost or valuation						
At 1 April 2015	40,112	26,233	14,112	13,421	-	93,878
Additions	-	-	315	874	3,000	4,189
Disposals	-	-	-	(424)	-	(424)
Transfer to investment properties	-	(187)	-	-	-	(187)
At 31 March 2016	40,112	26,046	14,427	13,871	3,000	97,456
Additions	-	18	1,810	1,952	6,130	9,910
Disposals	-	-	-	(1,718)	-	(1,718)
Written off	-	-	(735)	(1,543)	-	(2,278)
At 31 March 2017	40,112	26,064	15,502	12,562	9,130	103,370
Accumulated depreciation						
At 1 April 2015	-	2,727	10,848	8,631	-	22,206
Charge for the financial year	-	575	789	1,705	-	3,069
Disposals	-	-	-	(385)	-	(385)
Transfer to investment properties	-	(48)	-	-	-	(48)
At 31 March 2016	-	3,254	11,637	9,951	-	24,842
Charge for the financial year	-	572	751	1,600	-	2,923
Disposals	-	-	-	(1,685)	-	(1,685)
Written off	-	-	(726)	(1,516)	-	(2,242)
At 31 March 2017	-	3,826	11,662	8,350	-	23,838
Net carrying amount						
At 31 March 2017	40,112	22,238	3,840	4,212	9,130	79,532
At 31 March 2016	40,112	22,792	2,790	3,920	3,000	72,614

GROUP
2017
RM'000

2016
RM'000

Details of assets under finance lease arrangements

Motor vehicles		
- net carrying amount at financial year end	1,214	1,767
Machinery and equipment		
- net carrying amount at financial year end	300	816

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Revaluation of land and buildings

- (a) The Group's buildings and freehold land are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses.

Buildings and freehold land were revalued on 31 March 2013 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer. The sales comparison method was adopted in arriving at the market value of the buildings and freehold land.

In estimating the fair values of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown as "revaluation reserve" under the equity.

Buildings and freehold land at valuation are categorised as Level 2 fair values.

Level 2 Fair Values

Level 2 fair values of buildings and freehold land have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Had the buildings and freehold land of the Group been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM28,615,565 (2016: RM29,026,295).

- (b) The net carrying amount of property, plant and equipment of the Group amounted to RM62,350,000 (2016: RM62,904,000) are pledged as securities for banking facilities granted to the Group as disclosed in Note 21 to the Financial Statements.

5. INVESTMENT PROPERTIES

Group	FREEHOLD LAND RM'000	BUILDINGS RM'000	TOTAL RM'000
Fair value			
At 1 April 2015	11,265	3,750	15,015
Change in fair value recognised in profit or loss	70	(9)	61
Transfer to asset held-for-sale	-	(120)	(120)
Transfer from property, plant and equipment	-	139	139
At 31 March 2016	11,335	3,760	15,095
Change in fair value recognised in profit or loss	105	10	115
Disposal	-	(150)	(150)
At 31 March 2017	11,440	3,620	15,060

Fair value basis of investment properties

- (a) The Group applies fair value model in measuring its buildings and freehold land. Buildings and freehold land of the Group were revalued in the financial year 2017 by Savills (Malaysia) Sdn. Bhd., an independent professional valuer.

The sale comparison method was adopted in arriving at the market value of the buildings and freehold land. In estimating the fair values of the properties, the highest and the best use of the properties is the current use. There have been no changes to the valuation technique during the year.

- (b) The buildings and freehold land at valuation are categorised at Level 2 fair values.

Level 2 Fair Values

Level 2 fair values of buildings and freehold land have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

- (c) The net carrying amount of investment properties amounted to RM12,500,000 (2016: RM12,490,000) are pledged as securities for banking facilities granted to the Group as disclosed in Note 21 to the Financial Statements.
- (d) The title deed of buildings of the Group with fair value of RM360,000 (2016: RM350,000) are yet to be issued by the relevant authorities.

Notes to the Financial Statements *cont'd*

31 March 2017

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM'000	2016 RM'000
Unquoted shares at cost	160,100	160,100

The subsidiaries, all of which are incorporated in Malaysia, are as follows:-

	EFFECTIVE INTEREST (%)		PRINCIPAL ACTIVITY
	2017	2016	
Subsidiaries			
Ann Yak Siong Hardware Sdn. Bhd.	100	100	Trading and marketing of steel products
Infinity FZ Sdn. Bhd.	100	100	Warehousing and storage services
Indirect Subsidiaries			
AYS Marketing Sdn. Bhd.	100	100	Trading in all types of construction materials and steel products
AYS Metal Products & Engineering Sdn. Bhd.	99	99	Manufacturing and trading of panels and components for sectional tanks
AYS Wire Products Sdn. Bhd.	90	90	Manufacturing and trading of wire and steel products
CH Yodoform Sdn. Bhd.	100	100	Manufacturing and trading of purlin and other steel products
Heapi Enterprise Sdn. Bhd.	100	100	Dormant
AYS Metal Trading Sdn. Bhd.	99	99	Ceased operation
CH Yodoform Trading Sdn. Bhd.	100	100	Dormant

All the subsidiaries are audited by SJ Grant Thornton.

7. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost				
Unquoted shares in Malaysia	450	450	450	450
Share of result of associate	(233)	(85)	-	-
	217	365	450	450

Details of the associate are as follows:-

	EFFECTIVE INTEREST (%)		PRINCIPAL ACTIVITY
	2017	2016	
Associate			
AOK Engineering Services Sdn. Bhd	45	45	Engineering design and drawings

The associate is audited by SJ Grant Thornton.

8. INVENTORIES

	GROUP	
	2017	2016
	RM'000	RM'000
Raw materials	6,036	2,606
Work-in-progress	2,739	2,060
Finished goods	134,152	140,655
Goods in transit	12,184	-
At carrying amount	155,111	145,321
Recognised in profit and loss:		
Inventories recognised as cost of sales	446,476	537,712

9. TRADE RECEIVABLES

	GROUP	
	2017	2016
	RM'000	RM'000
Trade receivables	130,401	153,110
Less: Allowance for impairment losses	(7,945)	(6,955)
Net trade receivables	122,456	146,155

The movements of impairment losses during the financial year are as follows:-

	GROUP	
	2017	2016
	RM'000	RM'000
At 1 April	6,955	6,994
Recognised	2,677	508
Written off	-	(79)
Reversed	(1,687)	(468)
At 31 March	7,945	6,955

Trade receivables are non-interest bearing and are generally on 30 to 120 (2016: 30 to 120) days term.

Included in trade receivables is an amount due from a related party amounting to RM152,817 (2016: Nil).

The currency exposure profile of the trade receivables other than denominated in the Group's functional currency is as follows:-

	GROUP	
	2017	2016
	RM'000	RM'000
US Dollar	818	1,931
SGD	8,267	11,277

Notes to the Financial Statements *cont'd*

31 March 2017

10. OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-trade receivables	5,985	6,611	-	-
Deposits	508	424	20	20
Prepayments	2,832	2,991	-	-
Staff advances	84	47	-	-
	9,409	10,073	20	20

As at 31 March 2017, included in non-trade receivables of the Group are payments in advance made to suppliers of RM1,884,070 (2016: RM2,736,003) for the supply of goods.

As at 31 March 2017, included in deposits of the Group are deposits made amounting to RM130,000 (2016: RM30,000) for the purchase of investment properties.

The currency exposure profile of the other receivables other than denominated in the Group's functional currency is as follows:-

	GROUP	
	2017 RM'000	2016 RM'000
US Dollar	1,564	2,722

11. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2017 RM'000	2016 RM'000
Non-trade in nature	34,809	30,560

Amount due from subsidiaries that is non-trade related is unsecured, interest free and repayable on demand.

12. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits with licensed banks of the Group are RM18,944,831 (2016: RM25,924,953) pledged to the licensed banks for banking facilities granted as disclosed in Note 21 to the Financial Statements.

13. ASSET CLASSIFIED AS HELD-FOR-SALE

	GROUP	
	2017 RM'000	2016 RM'000
Assets classified as held-for-sale	-	120

On 2 September 2016, an agreement was made with the contracted party to dispose a single storey terrace house. The non-current assets held for sale of RM120,000 were disposed at RM146,000, with the gross gain on disposal of RM26,000. The disposal was completed on 17 May 2016.

14. SHARE CAPITAL

Group and Company

	NO. OF ORDINARY SHARES		AMOUNT	
	2017	2016	2017	2016
	UNIT	UNIT	RM'000	RM'000
Issued and fully paid	380,417,656	380,417,656	190,209	190,209

15. RETAINED EARNINGS

The Company is under single tier system and can frank the payment of dividends out of its entire retained earnings without incurring additional tax liabilities.

16. REVALUATION RESERVE

Revaluation reserve relates to the revaluation of land and buildings.

17. CAPITAL RESERVE

Capital reserve relates to the bonus share issued by subsidiaries.

18. MERGER DEFICIT

The merger deficit arose from the acquisition of Ann Yak Siong Hardware Sdn. Bhd. by share exchange in the financial year 2013 as follows:-

	GROUP RM'000
Shares issued by the Company	160,000
Less: share capital of subsidiaries acquired	(6,810)
	<hr/> 153,190

As the Company acquired its subsidiaries by means of a share exchange, resulting in a business combination involving entities under common control and where no acquirer is identified, the merger method of consolidation had been used. Therefore, the difference between the purchase consideration and the carrying value of the share capital acquired is adjusted to equity.

19. DEFERRED TAX LIABILITIES

	GROUP	
	2017 RM'000	2016 RM'000
At 1 April	1,970	1,981
Recognised in profit or loss (Note 26)	1,809	(11)
	<hr/> 3,779	<hr/> 1,970

The balances in the deferred tax liabilities are made up of tax effects on temporary differences arising from:-

	GROUP	
	2017 RM'000	2016 RM'000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	1,065	947
Revaluation of investment properties	494	-
Revaluation of freehold land and buildings	2,964	1,725
Impairment loss on trade receivables	(744)	(702)
	<hr/> 3,779	<hr/> 1,970

Notes to the Financial Statements *cont'd*

31 March 2017

20. FINANCE LEASE LIABILITIES

	GROUP	
	2017	2016
	RM'000	RM'000
Minimum lease payments:-		
- payable within 1 year	769	1,090
- payable after 1 year but not later than 5 years	964	1,520
	1,733	2,610
Less: interest in suspense	(81)	(173)
	1,652	2,437
Present value of finance lease liabilities:-		
- payable within 1 year	717	998
- payable after 1 year but not later than 5 years	935	1,439
	1,652	2,437

21. BANK BORROWINGS

	GROUP	
	2017	2016
	RM'000	RM'000
Non-current		
Secured:-		
Term loan	1,216	1,725
Current		
Secured:-		
Bank overdraft	-	809
Bankers' acceptance	142,302	186,105
Onshore foreign currency loan	-	583
Term loan	530	497
	142,832	187,994

The above bank borrowings are secured by:-

- (i) corporate guarantee by the Company; and
- (ii) fixed deposits pledged to the banks as disclosed in Note 12 to the Financial Statements; and
- (iii) first party legal charge over land and buildings and investment properties as disclosed in Note 4 (b) and Note 5 (c) to the Financial Statements.

The bank borrowings of the Group bear interest at rates ranging from 4.39% to 7.65% (2016: 1.77% to 8.60%) per annum.

The above term loan is repayable over 120 monthly installments of RM53,438 each month commencing from the date of full drawdown.

The currency exposure profile of the borrowings is as follows:-

	GROUP	
	2017	2016
	RM'000	RM'000
US Dollar	-	583

22. TRADE PAYABLES

Trade payables are non-interest bearing and are generally on 14 to 120 (2016: 14 to 120) days term.

The currency exposure profile of the trade payables is as follows:-

	GROUP	
	2017 RM'000	2016 RM'000
US Dollar	3,119	3,632
SGD	121	-

23. OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-trade payables	6,190	6,269	3	13
Accruals	1,693	2,343	168	172
Deposits	1,039	1,126	-	-
	8,922	9,738	171	185

24. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP			
	2017		2016	
	CONTRACT/ Notional Amount RM'000	Liabilities RM'000	CONTRACT/ Notional Amount RM'000	Liabilities RM'000
Hedging derivatives: Forward currency contracts	27,848	66	34,452	806

The Group uses forward currency contracts to manage some of the transactions exposure. Trading derivatives are classified as a current asset or liability. The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

As at 31 March 2017, the Group has forward currency contracts outstanding designated as hedges of expected future purchases from suppliers in China, Europe, Indonesia, Japan, Korea, Singapore and Thailand for which the Company has high probable forecasted transactions. The forward currency contracts are used to hedge the foreign currency risk of the highly probable forecasted transactions.

25. REVENUE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods	530,085	591,352	-	-
Dividend income	-	-	10,500	4,000
	530,085	591,352	10,500	4,000

Notes to the Financial Statements *cont'd*

31 March 2017

26. TAX EXPENSE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Taxation				
- current year	10,228	3,649	-	-
- overprovision in prior years	(104)	(186)	-	-
Transfer to deferred taxation (Note 19)				
- current year	959	(175)	-	-
- Underprovision in prior years	850	164	-	-
	1,809	(11)	-	-
	11,933	3,452	-	-

The numerical reconciliation of tax expense at the statutory income tax rate to tax expense at the effective income tax rate is as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	39,665	11,735	9,953	3,427
Tax at 24%	9,520	2,816	2,389	822
Income not subject to tax	(3,261)	(2,041)	(2,520)	(960)
Non-allowable expenses	4,343	2,848	131	138
Double deduction expenses	-	(49)	-	-
Deferred tax assets not recognised	91	(100)	-	-
Deferred tax arising from investment properties	494	-	-	-
Overprovision of taxation in prior years	(104)	(186)	-	-
Underprovision of deferred taxation in prior years	850	164	-	-
Total tax expense	11,933	3,452	-	-

As at 31 March 2017, the Group has unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM2,201,000 (2016: RM1,640,000), RM110,000 (2016: Nil) and RM2,229,000 (2016: RM2,229,000) respectively which are available to offset against future taxable profits.

27. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated based on net profit attributable to the owners of the Company with the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2017	2016
Net profit for the financial year attributable to the owners of the Company (RM)	27,835,000	8,269,000
Weighted average number of ordinary shares in issue	380,417,656	380,417,656
Basic earnings per share (RM)	0.07	0.02

Diluted earnings per share

No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at the end of the financial year.

28. DEFERRED TAX ASSETS

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

	GROUP	
	2017 RM'000	2016 RM'000
Temporary differences arising from:-		
Property, plant and equipment	(719)	(520)
Investment properties	(91)	-
Unutilised tax losses	2,201	1,640
Unutilised capital allowances	110	-
Unutilised reinvestment allowances	2,229	2,229
	<u>3,730</u>	<u>3,349</u>

Deferred tax assets have not been recognised in respect of these items as it is not certain that whether future taxable profits will be available against which the deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances can be utilised.

29. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, allowances and overtime	16,192	15,679	6	8
Social security contributions	116	98	-	-
Defined contribution plan	2,520	2,383	-	-
Bonus	3,671	3,432	-	-
Other benefits	670	417	-	-
	<u>23,169</u>	<u>22,009</u>	<u>6</u>	<u>8</u>

Included in the employee benefits expenses are the Directors' remuneration as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, allowances and overtime	3,683	3,480	6	8
Social security contributions	3	3	-	-
Defined contribution plan	978	921	-	-
Bonus	1,468	1,372	-	-
Other benefits	95	100	-	-
	<u>6,227</u>	<u>5,876</u>	<u>6</u>	<u>8</u>
Estimated money value of benefits-in-kind	108	144	-	-
	<u>6,335</u>	<u>6,020</u>	<u>6</u>	<u>8</u>

The remunerations of Directors and other members of key management personnel during the financial year are as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, allowances and overtime	4,795	4,678	6	8
Social security contributions	7	5	-	-
Defined contribution plan	1,148	1,090	-	-
Bonus	1,771	1,612	-	-
Other benefits	254	269	-	-
	<u>7,975</u>	<u>7,654</u>	<u>6</u>	<u>8</u>

Other members of key management personnel comprise persons other than the Directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

Notes to the Financial Statements *cont'd*

31 March 2017

30. COMMITMENTS

Group

(a) Capital commitments

	2017 RM'000	2016 RM'000
Authorised but not contracted for:		
- Property, plant and equipment	12,116	26,061
Authorised and contracted for:		
- Property, plant and equipment	27,228	733

(b) Operating lease commitments

The future minimum lease payments under non-cancellable lease commitments are as follows:-

	2017 RM'000	2016 RM'000
Not later than one year	837	784

31. RELATED PARTY DISCLOSURE

The significant related party transactions during the financial year are as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividend income received from a subsidiary	-	-	(10,500)	(4,000)
Dividend paid to holding company	3,595	4,793	3,595	4,793
Sales of goods to a related party	(304)	-	-	-
Rental income from a related party	(36)	(40)	-	-
Rental charged by a related party	15	-	-	-
Disposal of a motor vehicle to a related party	(87)	-	-	-

32. DIVIDENDS

	2017 RM'000	2016 RM'000
In respect of the financial year ended 31 March 2017:-		
First single tier interim dividend of 1.5 sen per ordinary share amounting to RM5,706,265 paid on 22 December 2016	5,706	-
In respect of the financial year ended 31 March 2016:-		
First single tier interim dividend of 1.0 sen per ordinary share amounting to RM3,804,177 paid on 22 March 2016	-	3,804
In respect of the financial year ended 31 March 2015:-		
First and final single tier dividend of 1.0 sen per ordinary share amounting to RM3,804,177 paid on 10 August 2015	-	3,804
	5,706	7,608

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Loans and receivables (L&R); and
(b) Other financial liabilities measured at amortised cost (OFL).

Group	CARRYING AMOUNT RM'000	L&R RM'000	OFL RM'000
2017			
Financial assets			
Trade and other receivables	128,417	128,417	-
Fixed deposits with licensed banks	36,482	36,482	-
Cash and bank balances	8,202	8,202	-
	173,101	173,101	-
Financial liabilities			
Trade and other payables	36,807	-	36,807
Finance lease liabilities	1,652	-	1,652
Bank borrowings	144,048	-	144,048
	182,507	-	182,507
2016			
Financial assets			
Trade and other receivables	153,237	153,237	-
Fixed deposits with licensed banks	27,635	27,635	-
Cash and bank balances	16,641	16,641	-
	197,513	197,513	-
Financial liabilities			
Trade and other payables	27,339	-	27,339
Finance lease liabilities	2,437	-	2,437
Bank borrowings	189,719	-	189,719
	219,495	-	219,495
Company			
2017			
Financial assets			
Other receivables	20	-	20
Amount due from subsidiaries	34,809	-	34,809
Cash and bank balances	27	-	27
	34,856	-	34,856
Financial liabilities			
Other payables	171	-	171
2016			
Financial assets			
Other receivables	20	20	-
Amount due from subsidiaries	30,560	30,560	-
Cash and bank balances	43	43	-
	30,623	30,623	-
Financial liability			
Other payables	185	-	185

Notes to the Financial Statements *cont'd*

31 March 2017

34. OPERATING SEGMENT

(a) Business segments

For the management purposes, the Group is organised into business units based on their products and services, which comprise the following:-

Trading:	Trading and marketing of steel products and all types of construction materials
Manufacturing:	Manufacturing of panels and components for sectional tanks, purlin and wire and steel products
Others:	Investment holding, warehousing & storage services and dormant

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

	NOTE	MANUFACTURING RM'000	TRADING RM'000	OTHERS RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL AS PER CONSOLIDATED FINANCIAL STATEMENTS RM'000
2017 - Group						
Revenue						
External customers		56,000	474,085	-	-	530,085
Inter-segment	i	849	2,293	10,912	(14,054)	-
Total revenue		56,849	476,378	10,912	(14,054)	530,085
Results:						
Interest income		(543)	(1,226)	-	288	(1,481)
Interest expense		185	8,150	-	(288)	8,047
Depreciation of property, plant and equipment		649	2,069	-	205	2,923
Fair value gain on investment properties		10	(1,025)	-	900	(115)
Other non-cash expenses	ii	204	670	-	-	874
Income tax expense		579	11,354	-	-	11,933
Share of loss of associate		-	-	148	-	148
Segment profit		2,101	26,794	(1,163)	-	27,732
Assets:						
Additions to non-current asset	iii	1,790	2,465	5,655	-	9,910
Segment assets		45,160	375,199	7,923	-	428,282
Liabilities:						
Segment liabilities		(7,476)	(182,721)	(183)	-	(190,380)
2016 - Group						
Revenue						
External customers		47,598	543,754	-	-	591,352
Inter-segment	i	2,681	4,092	4,000	(10,773)	-
Total revenue		50,279	547,846	4,000	(10,773)	591,352
Results:						
Interest income		(533)	(1,195)	-	371	(1,357)
Interest expense		255	11,886	-	(371)	11,770
Depreciation of property, plant and equipment		826	2,039	-	204	3,069
Fair value gains on investment properties		(30)	(631)	-	600	(61)
Other non-cash expenses	ii	(70)	1,328	-	-	1,258
Income tax expense		650	2,802	-	-	3,452
Share of loss of associate		-	-	85	-	85
Segment profit		2,593	6,542	(852)	-	8,283
Assets:						
Additions to non-current asset	iii	416	2,360	1,413	-	4,189
Segment assets		37,280	398,463	2,417	-	438,160
Liabilities:						
Segment liabilities		(6,603)	(215,493)	(188)	-	(222,284)

34. OPERATING SEGMENT *cont'd*

(a) Business segments *cont'd*

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- i Inter-segment revenues are eliminated on consolidation.
- ii Other material non-cash expenses/(income) consist of the following items:

	GROUP	
	2017	2016
	RM'000	RM'000
Impairment loss on trade receivables	2,677	508
Bad debts written off	11	79
Property, plant and equipment written off	36	-
Impairment loss on trade receivables no longer required	(1,687)	(468)
Unrealised (gain)/loss on foreign exchange	(163)	1,139
	<hr/>	<hr/>
	874	1,258

- iii Additions to non-current assets consist of:-

	GROUP	
	2017	2016
	RM'000	RM'000
Property, plant and equipment	9,910	4,189

(b) Geographical segment

No geographical segmental information being presented as the Group operates principally within Malaysia.

(c) Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Groups if a customer or counter party to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group is exposed to credit risk:-

Notes to the Financial Statements *cont'd*

31 March 2017

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

(i) Receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk and are monitored individually.

The ageing analysis of the trade receivables is as follows:-

Group	GROSS	INDIVIDUALLY IMPAIRED	NET
<u>2017</u>	RM'000	RM'000	RM'000
Not past due	65,456	-	65,456
Past due 1-30 days	28,903	-	28,903
Past due 31-60 days	16,266	-	16,266
Past due 61-90 days	6,923	-	6,923
Past due 91-120 days	2,694	-	2,694
More than 120 days	10,159	(7,945)	2,214
	130,401	(7,945)	122,456
<hr/>			
<u>2016</u>			
Not past due	72,411	-	72,411
Past due 1-30 days	33,407	-	33,407
Past due 31-60 days	24,252	-	24,252
Past due 61-90 days	6,848	-	6,848
Past due 91-120 days	3,009	-	3,009
More than 120 days	13,183	(6,955)	6,228
	153,110	(6,955)	146,155

Trade receivables that are past due not impaired are credit worthy debtors with good payment records with the Group. As at 31 March 2017, trade receivables of RM57,000,185 (2016: RM73,743,182) are past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The net carrying amounts of trade receivables are considered a reasonable approximate of fair values. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(ii) Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

At the end of the reporting date, there was no indication that the advances to subsidiaries are not recoverable.

(iii) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(iv) Financial guarantees

The maximum exposure to credit risk is RM442,700,000 (2016:RM392,700,000) in respect of corporate guarantees given to financial institution for banking facilities granted to and utilised by the subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results and repayments made by the subsidiaries. At the reporting date, there was no indication that the subsidiaries would default on repayment.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as follows:-

Group	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS RM'000	MATURITY		
			CURRENT LESS THAN 1 YEAR RM'000	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
2017					
Secured:-					
Bankers' acceptance	142,302	142,719	142,719	-	-
Term loan	1,746	1,950	641	1,309	-
	144,048	144,669	143,360	1,309	-
Unsecured:					
Finance lease liabilities	1,652	1,733	769	964	-
Trade payables	28,355	28,355	28,355	-	-
Other payables	8,922	8,922	8,922	-	-
	38,929	39,010	38,046	964	-
Total	182,977	183,679	181,406	2,273	-
Financial guarantees	-	442,700	442,700	-	-
2016					
Secured:-					
Bank overdrafts	809	809	809	-	-
Bankers' acceptance	186,105	186,519	186,519	-	-
Term loan	2,222	2,497	641	1,856	-
Onshore foreign currency loan	583	583	583	-	-
	189,719	190,408	188,552	1,856	-
Unsecured:-					
Finance lease liabilities	2,437	2,610	1,090	1,520	-
Trade payables	17,601	17,601	17,601	-	-
Other payables	9,738	9,738	9,738	-	-
	29,776	29,949	28,429	1,520	-
Total	219,495	220,357	216,981	3,376	-
Financial guarantees	-	392,700	392,700	-	-

Notes to the Financial Statements *cont'd*

31 March 2017

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk *cont'd*

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as follows:- *cont'd*

Company	CARRYING AMOUNT RM'000	CONTRACTUAL CASH FLOWS RM'000	MATURITY		
			CURRENT LESS THAN 1 YEAR RM'000	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
2017					
Unsecured:-					
Other payables	171	171	171	-	-
2016					
Unsecured:-					
Other payables	185	185	185	-	-

(c) Foreign currency risk

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

The Group is exposed to foreign currency risk on sales, purchases and cash and bank balances that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollar (USD) and Singapore Dollar (SGD). The Group use forward exchange contracts to hedge its foreign currency risk when necessary. All the forward exchange contracts have maturities of less than one year after the end of the reporting period.

The foreign currency exposure as at reporting date is detailed in the respective notes to the financial statements.

The following table demonstrates the sensitivity of the Group's and of the Company's net profit for the financial year to a reasonably possible change in the USD and SGD against the respective functional currency of the Group and of the Company, with all other variables held constant:-

Group	INCREASE/(DECREASE) NET PROFIT FOR THE YEAR RM'000
2017	
USD/RM	
Strengthened 1.04%	13
Weakened (1.04%)	(13)
SGD/RM	
Strengthened 0.74%	66
Weakened (0.74%)	(66)
2016	
USD/RM	
Strengthened 0.55%	14
Weakened (0.55%)	(14)
SGD/RM	
Strengthened 0.66%	80
Weakened (0.66%)	(80)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and of the Company's exposures to foreign currency risk.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Fixed rate borrowing is exposed to a risk of change in its fair value due to changes in interest rates. Variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group target a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

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 is as follows:-

	GROUP	
	2017 RM'000	2016 RM'000
Fixed rate instruments		
Fixed deposits with licensed banks	36,482	27,635
Finance lease liabilities	(1,652)	(2,437)
Bankers' acceptance	(142,302)	(186,105)
	(107,472)	(160,907)
Floating rate instruments		
Bank overdrafts	-	(809)
Term loan	(1,746)	(2,222)
Onshore foreign currency loan	-	(583)
	(1,746)	(3,614)

Interest rate sensitivity analysis

The following table illustrates the sensitivity of net profit to a reasonably possible change in interest rates of +/- 50 basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

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 reporting period would not affect profit or loss.

	GROUP	
	EFFECT ON NET PROFIT FOR THE YEAR	
	+50BP RM'000	-50BP RM'000
2017		
Floating rate instruments	(9)	9
2016		
Floating rate instruments	(18)	18

(e) 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.

36. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders, adjust the amount of dividends paid to shareholders or sell assets to reduce debts. There were no changes in the Group's approach to capital management during the financial year.

DISCLOSURE OF REALISED AND UNREALISED PROFITS

Bursa Malaysia Securities Berhad had on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of their unappropriated profits or accumulated losses into realised and unrealised on group and company basis in their annual audited financial statements.

The breakdown of unappropriated profits as at the reporting date that has been prepared by the Directors in accordance with the above directives from Bursa Malaysia Securities Berhad and the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants is as follows:-

	2017 RM'000	2016 RM'000
Group		
Total retained earnings of the Group:		
- Realised	180,737	157,890
- Unrealised	6,068	6,786
	<hr/>	<hr/>
	186,805	164,676
Company		
Total retained earnings of the Company:		
- Realised	5,026	779
- Unrealised	-	-
	<hr/>	<hr/>
	5,026	779

The above disclosure is solely for complying with the disclosure requirements stipulated in the said directives of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Properties Held

by AYS Ventures Berhad and its subsidiaries as at 31 March 2017

LOCATION	TENURE	DESCRIPTION	AREA	EXISTING USE	APPROX. AGE OF BUILDING (NO. OF YEARS)	DATE OF ACQUISITION	DATE OF REVALUATION	NET BOOK VALUE AS AT 31-03-2017 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse, Office and Open storage yard	20	01-Oct-09	31-Mar-13	22,782
No.7, Lorong Keluli 1A, Kawasan Perindustrian Bukit Raja, 40000 Shah Alam Selangor	Freehold	Industrial Land & Building	2.177 acres	Warehouse, Office and Open storage yard	22	30-Nov-90	31-Mar-13	8,152
Lot 3845, Batu 7, Jalan Kapar/KU 7, 41050 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Factory and Office	8	20-Dec-01	31-Mar-13	6,476
Lot 3348, KM 10, Jalan Kapar/ KU15, 41050 Klang, Selangor	Freehold	Industrial Land	5.262 acres	Open storage yard		22-Apr-96	31-Mar-13	11,512
Lot 3846, Batu 7 Jalan Kapar/KU 15 42200 Kapar Selangor	Freehold	Industrial Land & Building	3.559 acres	Factory and Office	16	13-Oct-92	31-Mar-13	13,428
Sub-Total (value of properties held as property, plant and equipment)								62,350
No. 9, Lorong Tiara 1A, Bandar Baru Klang, 41150 Klang, Selangor	Leasehold (expiring on 08.05.2093)	4 storey shop office	1,647 sq ft	Tenanted	19	15-Feb-94	31-Mar-17	1,300
Unit No. B-4-1, Level 4, Block B, BBK Condominium, Persiaran Bukit Raja 1, Bandar Baru Klang, 41150 Klang, Selangor	Leasehold (expiring on 09.05.2093)	Condominium	1,000 sq ft	Tenanted	17	26-Oct-95	31-Mar-17	200
Lot 1232, Off Jalan Bukit Kemuning, Seksyen 35 Mukim Klang, Klang, Selangor	Freehold	Industrial Land	4.438 acres	Vacant		03-Jan-96	31-Mar-17	11,000
GRN 216124/Lot 22147, College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	8,267 sq ft	Vacant		29-Sep-98	31-Mar-17	210
GRN 198673/Lot 21280 College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	9,096 sq ft	Vacant		20-Feb-98	31-Mar-17	230
Unit 10-11, Bangunan Duta Impian (The Embassy Suites), No. 14, Jalan Dato Abdullah Tahir, 80250 Johor Bahru	Freehold	Apartment	1,345 sq ft	Vacant	11	30-Dec-04	31-Mar-17	480
Unit No C2-11, Block C, Skudaiville (Now Skudaivilla), Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,213 sq ft	Vacant	13	14-Jun-02	31-Mar-17	300
D-1-3, Block D, Megan Avenue 1, Jalan Tun Razak, 50400 Kuala Lumpur	Freehold	Office lot	1,287 sq ft	Vacant	22	21-Jun-14	31-Mar-17	760

Properties Held *cont'd*

by AYS Ventures Berhad and its subsidiaries as at 31 March 2017

LOCATION	TENURE	DESCRIPTION	AREA	EXISTING USE	APPROX. AGE OF BUILDING (NO. OF YEARS)	DATE OF ACQUISITION	DATE OF REVALUATION	NET BOOK VALUE AS AT 31-03-2017 (RM'000)
No. 854, Jalan Idaman 2/15/4, Taman Desa Idaman, 81400 Senai, Johor	Freehold	Single storey terrace house	1,442 sq ft	Vacant	14	27-Dec-97	31-Mar-17	90
Unit No. C-3-14, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low cost flat	721 sq ft	Vacant	19	21-Dec-04	31-Mar-17	30
Unit No. 15-2R, Tingkat 2, Jalan Maju 1/16, Taman Lembah Maju, 68000 Ampang, Selangor	Leasehold (expiring in 04.12.2086)	Apartment	790 sq ft	Vacant	9	21-Feb-00	31-Mar-17	150
Unit No 27B, 2nd Floor, Block 4, Pusat Perniagaan Worldwide, Jalan Karate 13/47, 40675 Shah Alam, Selangor	Leasehold (expiring in 25.03.2102)	Commercial shoplot	367 sq ft	Tenanted	17	17-Apr-03	31-Mar-17	100
Unit No. D-05-24, Level 5, Block D, Kompleks Suria Kinrara, Persiaran Kinrara Seksyen 3, Taman Kinrara Seksyen 3, 47100 Puchong, Selangor	Leasehold (expiring in 24.06.2101)	Serviced Apartment	712 sq ft	Vacant	8	07-Jun-12	31-Mar-17	210
Sub-total (value of properties held as investment properties)								15,060
Total (value of properties held as property, plant and equipment, and investment properties)								77,410

Statistical Report

as at 31 May 2017

ANALYSIS BY SIZE OF SHAREHOLDINGS

Issued capital	:	RM190,208,828.00 comprising 380,417,656 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share held

SIZE OF SHAREHOLDINGS	No. OF SHAREHOLDERS	% OF SHAREHOLDERS	No. OF SHARES	% OF ISSUED AND PAID-UP SHARE CAPITAL
Less than 100	276	7.89	14,378	0.00
100 – 1,000	1,013	28.96	408,477	0.11
1,001 – 10,000	1,053	30.10	6,440,469	1.70
10,001 – 100,000	1,028	29.39	35,582,994	9.35
100,001 – less than 5% of issued shares	126	3.60	73,263,978	19.26
5% and above of issued shares	2	0.06	264,707,360	69.58
Total	3,498	100.00	380,417,656	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 31 MAY 2017

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Haji Mohd. Sharif Bin Haji Yusof	-	-	-	-
Oh Chiew Ho	-	-	264,707,360*	69.58
Seow Nyoke Yoong	-	-	-	-
Mohamad Fazlin Bin Mohamad	-	-	-	-
Toh Tuan Sun	5,712,100	1.50	-	-
Oh Yung Sim	-	-	-	-
Oh Pooi Foon	-	-	-	-
Tay Kim Chuan	-	-	-	-

* Deemed interest by virtue of his substantial shareholdings in substantial shareholders under Section 8 of the Companies Act 2016.

SHARES IN RELATED CORPORATION AS AT 31 MAY 2017

There is no change to the interest of Directors in related companies as disclosed in the Directors Report for the financial year ended 31 March 2017 on page 29 of this Annual Report.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2017

	As at 31 May 2017			
	Direct		Indirect	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Oh Chiew Ho	-	-	264,707,360*	69.58
Chiew Ho Holding Sdn Bhd (CHH)	239,663,123	63.00	-	-
Ann Yak Siong Group Sdn Bhd (AYSG)	25,044,237	6.58	-	-

* Deemed interest by virtue of his substantial shareholdings in CHH and AYSG under Section 8 of the Act.

Statistical Report *cont'd*

as at 31 May 2017

THIRTY LARGEST SHAREHOLDERS AS AT 31 MAY 2017

No.	NAME OF SHAREHOLDERS	No OF SHARES	% OF ISSUED AND PAID-UP SHARE CAPITAL
1.	Chiew Ho Holding Sdn Bhd	239,663,123	63.00
2.	Ann Yak Siong Group Sdn Bhd	25,044,237	6.58
3.	Tan Chee Kuan	8,271,000	2.17
4.	See Siew Chiet	7,319,900	1.92
5.	Toh Tuan Sun	5,712,100	1.50
6.	Ong Siew Eng @ Ong Chai	5,328,000	1.40
7.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Teh Shiou Cherng	2,790,700	0.73
8.	Sin Cheak Seng Pottery Sdn Bhd	2,400,000	0.63
9.	Lim Aik Hoe	1,730,053	0.45
10.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San (8121282)	1,608,400	0.42
11.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,597,973	0.42
12.	Wong Wai Kuan	1,588,300	0.42
13.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Shiak Chai (470810)	1,500,000	0.40
14.	Wong Yoon Seng	1,230,000	0.32
15.	Tay Buan Tong	1,200,000	0.32
16.	Au Cheen Hoe	1,000,000	0.26
17.	Tang Chee Fook	820,000	0.22
18.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh She Shiang (REM 195)	800,000	0.21
19.	Chong Feng Tak @ Chong Wee Khean	768,300	0.20
20.	Cheng Gen Min	748,900	0.20
21.	Heng Fook Tau	747,000	0.20
22.	Tan Seng Chong @ Tan Ah Tee	650,000	0.17
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tey Heong Tiong (E-TCS)	600,000	0.16
24.	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd for Ngam Mun Choon	590,000	0.16
25.	Cimsec Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	544,200	0.14
26.	Liew Sin	540,960	0.14
27.	Tan Ah Sim @ Tan Siew Wah	540,000	0.14
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kah Chin (6000104)	537,000	0.14
29.	Lim Seng Chee	515,000	0.14
30.	Tay Buan Tong	510,000	0.13

Proxy Form

*I/*We

of

being a member/members of AYS VENTURES BERHAD hereby appoint

of

or failing whom

of

or *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Sixth Annual General Meeting of the Company to be held on Friday, 21 July 2017 at 9.30 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

	Resolution	For*	Against*
To approve the payment of a final single tier dividend of 1.0 sen per ordinary share	1		
Re-election of Oh Chiew Ho as Director	2		
Re-election of Seow Nyoke Yoong as Director	3		
Re-election of Mohamad Fazlin Bin Mohamad as Director	4		
Re-appointment of Haji Mohd. Sharif Bin Haji Yusof as Director	5		
Approval of meeting attendance allowance	6		
Re-appointment of Messrs. SJ Grant Thornton as Auditors	7		
Approval of the proposed authority to issue shares pursuant to Section 76 of the Companies Act, 2016	8		

*Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Dated this day of 2017

NUMBER OF SHARES HELD

.....
[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]

NOTES:-

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. A Member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the Member specifies the proportion of his securities holdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.
4. The instrument appointing a proxy shall be left at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.
5. Depositors who appear in the Record of Depositors as at 13 July 2017 shall be regarded as Member of the Company entitled to attend the Sixth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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AFFIX
STAMP

AYS VENTURES BERHAD (925171-T)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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