AYS VENTURES BERHAD (925171-T)

2016 ANNUAL REPORT

Contents

Our Vision

To become a recognised leader in the steel distribution industry by being a first-choice supplier of steel and non-ferrous products serving the needs of the engineering, fabrication and construction sectors.

Our Mission

Providing customers with quality products and services.
Broadening our product range and value-added activities.
Assuming good corporate social responsibility.
Rewarding all stakeholders equitably.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth 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, 15 July 2016 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 2016 together with the Reports of the Directors and Auditors thereon.

2. To re-elect Toh Tuan Sun, the Director who is retiring in accordance with Article 106 of the Company's Articles of Association. **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) Tay Kim Chuan **Resolution 2**
   (ii) Oh Pooi Foon **Resolution 3**

4. To pass the following Ordinary Resolution:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Haji Mohd. Sharif Bin Haji Yusof be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Resolution 4**

5. To approve the payment of Directors' fees not exceeding RM380,000.00 per annum. **Resolution 5**

6. To re-appoint Messrs. SJ Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

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

   ORDINARY RESOLUTION
   Proposed Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965 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 percent (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 7**

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Company Secretary

Klang
20 June 2016

***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 proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

3. *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.*

4. *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.*

5. *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.*

6. *Depositors who appear in the Record of Depositors as at 8 July 2016 shall be regarded as Member of the Company entitled to attend the Fifth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

NOTES ON SPECIAL BUSINESS

(i) Resolution No.7

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 14 July 2015. 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.

By Order of the Board

Leong Oi Wah (MAICSA 7023802)
Company Secretary

Klang
20 June 2016

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

Tay Kim Chuan
Executive Director

Oh Pooi Foon
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
Tel. No. : 03 - 3377 5597
Fax No. : 03 – 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
Tel. No : 03 - 7803 1126
Fax No : 03 - 7806 1387

PRINCIPAL BANKERS
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

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
Tel. No : 03 - 2783 9299
Fax No : 03 - 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

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

Corporate Structure
as at 20 June 2016

AYS VENTURES BERHAD

- Ann Yak Siong Hardware Sdn Bhd **100%**
  - AYS Marketing Sdn Bhd **100%**
  - AYS Metal Products & Engineering Sdn Bhd **99%**
    - AYS Metal Trading Sdn Bhd **100%**
  - AYS Wire Products Sdn Bhd **90%**
  - CH Yodoform Sdn Bhd **100%**
    - CH Yodoform Trading Sdn Bhd **100%**
  - Heapi Enterprise Sdn Bhd **100%**
- Infinity FZ Sdn Bhd **100%**
- AOK Engineering Services Sdn Bhd **45%**

Profile of the Board of Directors

Haji Mohd. Sharif Bin Haji Yusof, aged 77, a Malaysian, was appointed as an Independent Non-Executive Chairman of AYS Ventures Berhad on 17 November 2011. He is a Fellow of the Institute of Chartered Accountants, England & Wales and a member of the Malaysian Institute of Accountants and Malaysian Institute 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 conviction for any offences within the past 10 years, other than traffic offences, if any.

Oh Chiew Ho, aged 69, 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 72 of this Annual Report. He is the father of Mr Oh Yung Sim 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 conviction for any offences within the past 10 years, other than traffic offences, if any.

Toh Tuan Sun, aged 65, 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 Strategic Business Unit 3 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 promoted as President and Chief Executive Officer of Malayawata Steel Berhad and served as a member of the Audit Committee. In 2003, he was invited to join 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 but remains as its Director and Advisor.

Mr Toh Tuan Sun's shareholdings in the Company and its related companies is disclosed on page 72 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 has no conviction for any offences within the past 10 years, other than traffic offences, if any.

Seow Nyoke Yoong, aged 54, 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 conviction for any offences within the past 10 years, other than traffic offences, if any.

Mohamad Fazlin bin Mohamad, aged 44, 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 and Agensi Pekerjaan Intercity 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 conviction for any offences within the past 10 years, other than traffic offences, if any.

Oh Yung Sim, aged 42, 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 Commerce degree, 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.

Mr Oh Yung Sim has no shareholdings in the Company and its related companies. He is the son of Mr Oh Chiew Ho and brother of 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 conviction for any offences within the past 10 years, other than traffic offences, if any.

Tay Kim Chuan, aged 56, 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.

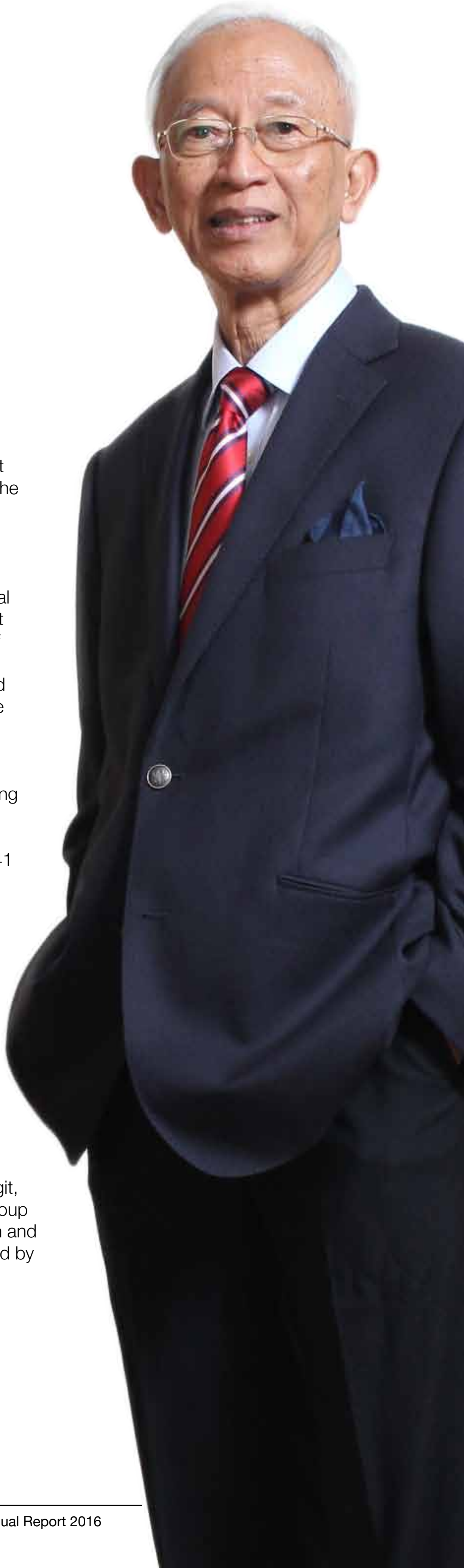
Mr Tay Kim Chuan has no shareholdings in the Company and its related companies. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company. He attended all the Board Meetings held during the financial year and has no conviction for any offences within the past 10 years, other than traffic offences, if any.

Oh Pooi Foon, aged 36, 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 degree.

Upon graduation in 2003, she worked in a hospital in Melbourne as a physiotherapist before joining AYSH in 2005 as a Purchasing Executive. In 2009, she was promoted to the position of Procurement Director and was 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.

Ms Oh Pooi Foon has no shareholdings in the Company and its related companies. She is the daughter of Mr Oh Chiew Ho and sister of Mr Oh Yung Sim and has no conflict of interest with the Company. She attended all the Board Meetings held during the financial year and has no conviction for any offences within the past 10 years, other than traffic offences, if any.

Chairman's Statement



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 2016 ("FYE 2016").

Performance and Operations Review

The year 2015 was filled with multiple challenges that had affected the global and local economy. The softening of crude oil prices and the depreciation of the Ringgit against major currencies as well as the weak business sentiment had impacted the growth of Malaysia's economy. Malaysia's Gross Domestic Product growth in 2015 was 5.0% compared to 6.0% in 2014.The imbalance between the output and domestic demand of major steel production nations had led to the influx of cheap imports and driven the domestic price of steel products lower than that of last year.

Despite the challenging economic and operating environment, the Group achieved a higher net revenue of RM591.352 million in the financial year under review, representing a 5% increase as compared to the revenue of RM563.799 million in the previous financial year ("FYE 2015"). Corresponding to the higher revenue, the Group's profit before tax ("PBT") increased to RM11.735 million as compared to the PBT of RM8.641 million in the FYE 2015.

Basic earnings per share in the FYE 2016 increased to 2.17 sen from that of 1.85 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 2016 of RM215.008 million, an increase of RM0.661 million from RM214.347 million in the previous financial year end.

Outlook and Prospects

The Group foresees a continued competitive operating environment in the new financial year. Based on Bank Negara Malaysia's Annual Report 2015, the Malaysian economy is expected to grow between 4.0%- 4.5% only in 2016 compared to 5% in 2015. International steel price has shown some recovery but this may be momentary and coupled with the low crude oil price and the weakened Ringgit, maintaining the Group's profit at the current level would be challenging. Whilst the Group is cautious, it is optimistic that with prudent and strategic management on production and operational efficiency, it will continue to be resilient to tackle the various changes faced by the industry and deliver satisfactory financial results for the next financial year.

Chairman's Statement *cont'd*

Corporate Development

Save as disclosed below, there were no corporate developments that took place in the Group in FYE 2016 and up to the date of this Annual Report.

On 7 September 2015, AYS had entered into a Share Sales Agreement to acquire 100,000 ordinary share of RM1.00 each representing the entire interest in Infinity FZ Sdn. Bhd. ("IFZSB") ("Acquisition") inter alia for the purpose of warehousing in the logistic sector which is synergetic with the existing business operation. On 12 October 2015, the said Acquisition was completed pursuant to the Share Sales Agreement. IFZSB is now a wholly-owned subsidiary of AYS.

On 25 September 2015, AYS signed a Joint Venture Agreement with Kondo Steel Corporation (Japan), Okaya & Co. Ltd. (Japan) and Okaya International (Malaysia) Sdn. Bhd. to establish a new JV company, i. e. AOK Engineering Services Sdn. Bhd. ("AOK") to venture into the business of engineering services and solution provider and producing precision engineering details on components of building structure. As at the latest practical date from the issuance of this report, AYS has paid and subscribed for 450,000 ordinary shares of RM1.00 each representing 45% of this new associated company.





Dividends

The Board had declared and paid a first single tier interim dividend of 1.0 sen per share amounting RM3.804 million in respect of the FYE 2016 on 22 March 2016. The Board does not recommend a final dividend for FYE 2016.

Appreciation

On behalf of the Board of Directors, I would like to thank the management team and staff for their dedication, efforts and contributions to the Group's performance during this challenging period.

To our valued customers, business associates, suppliers, financiers, shareholders and all other stakeholders, we wish to extend our sincere thanks for your support and confidence in us.

On behalf of my fellow board members, I would like to extend our appreciation to Mr Chang Chee Seng and Mr Oh Yung Kwan, the former board members of AYS for their invaluable contributions during their tenure of service and at the same time, take this opportunity to welcome Mr Toh Tuan Sun who joined the Board recently.

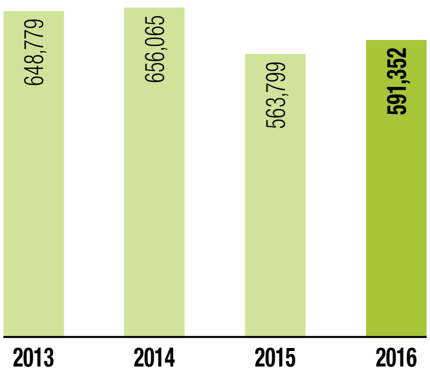
Lastly, I also wish to extend my most heartfelt appreciation to my fellow Board members for their support, contribution and dedication in discharging their duties and responsibilities.

Haji Mohd. Sharif Bin Haji Yusof
Independent Non-Executive Chairman
June 2016

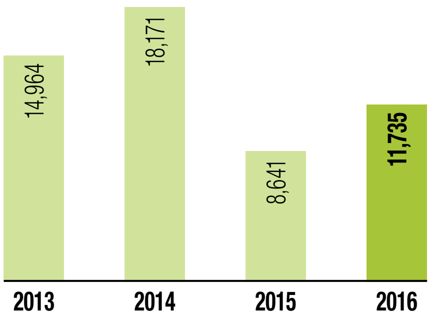
Group Financial Highlights

Financial Year Ended 31st March (RM'000)	2013	2014	2015	2016
Revenue	648,779	656,065	563,799	**591,352**
Profit Before Tax	14,964	18,171	8,641	**11,735**
Profit After Tax	9,567	13,035	7,096	**8,283**
Profit Attributable To Owners Of The Company	9,551	12,970	7,050	**8,269**
Total Equity Attributable To Owners Of The Company	198,131	207,342	214,347	**215,008**
Net Assets Per Share (sen)	0.53	0.55	0.56	**0.57**
Earnings Per Share (sen)	2.58	3.41	1.85	**2.17**

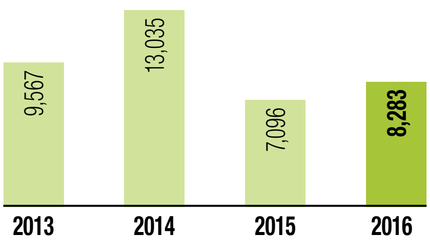
Revenue (RM'000)



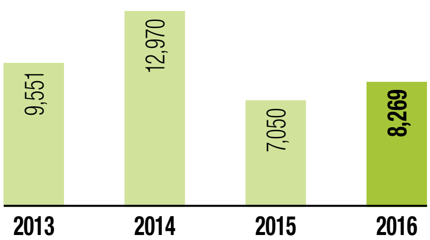
Profit Before Tax (RM'000)



Profit After Tax (RM'000)



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



Corporate Social Responsibility Disclosure

AYS Ventures Berhad and its subsidiaries ("AYS" or "the Group") remains committed to ensuring that in the course of maximising value for its shareholders, its Corporate Social Responsibility ("CSR") are not neglected. The foundation of the Group's CSR is premised on the sustainability of the four quadrants of Environment, Workplace, Community and Marketplace and the Group is committed to fulfill its CSR and initiatives are in place.

Environment

AYS recognizes the importance of preserving the natural environment that sustains all life on the earth for the future generations and thereby ensuring that all humanity can attain a healthy and enriched life. To this end, AYS continues to promote environmental responsibility by educating and motivating employees to become more involved in resource conservation at work and in environmental practices at home though the Group does not operate in an environmentally sensitive business. The Group has taken preventive measures to reduce environmental impact and carbon footprint from various initiatives such as prevent and minimise pollution, minimizing the usage of paper, energy and fuel consumption.

Marketplace

As a responsible corporate citizen and employer, the Group is obligated to all its stakeholders. The Group has therefore operates in tandem with its vision through sound business practices, good corporate governance and effective management to maintain high standards of integrity, fairness and transparency in conducting its business. The Group maintains an online platform via its corporate website-www.ays-group.com which provides information on the Group encompassing quarterly and annual financial results and updates on the Group's performance as well as formal announcements on developments in the Group with the objective of fostering and maintaining good relations with and providing timely information to various stakeholders. AYS is fully supportive of local and overseas suppliers and treasures its relationships with key customers and regularly undertake measures to improve the provision of its products and services. As part of our strategy to encourage sustainability and reduce negative environmental and social impact, AYS continue to closely monitor its supply chain to improve efficiency, increase the value as a business Group and grow its business in an ethical and sustainable manner.

Welfare of Staff

The Group recognises that its employees are its asset and it is imperative to provide a conducive work place and to reinforce its core values towards achieving the goals of the organisation. AYS continues to provide opportunities to enhance the employees' capacity and capability while ensuring job satisfaction, as well as safety and health in the workplace. AYS provides opportunity in continuous learning and human capital development will produce effective performance, high commitment in all levels of employees and ultimately contributes an added value to the society at large. To enhance knowledge and skills, employees are encouraged to attend regular trainings to equip themselves in preparation for the increasingly challenging requirements, besides improving their personal well-being and intellectual capability. In addition, the Group also strives to create a balanced workforce whereby social gatherings and recreational activities are encouraged. To enhance the quality of life and better social interaction, activities includes, amongst others, festive celebrations, outgoings and sports activities were organised to foster cordial relationship among peers and family members within the Group of companies and business associates while at the same time creating a healthy lifestyle and culture. The Group does not have a policy on diversity of gender, ethnicity and age, nevertheless, AYS does not practice discrimination of any form, whether based on age, gender, race or religion throughout the Group.

Workplace Diversity as at 31 March 2016

Category	Executive 46%	Non-Executive 54%		
Gender	Male 60%	Female 40%		
Age Group	< 30 23%	30 to < 40 35%	40 to < 50 21%	50 & Above 20%
Diversity	Malay 10%	Indian 17%	Chinese 59%	Others 14%

Community

The Group participates directly and encourages and supports employees' participation in community activities. Support are being given 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 year under review, the Group has taken initiative to show its care and support for more deserving children with special needs such as visits to Down Syndrome and Hyperactive Children Care Centre at Bukit Tinggi, Klang, Selangor and organising of blood donation campaign at its office in Klang, Selangor. The Group will continuously put forth a variety of initiatives designed to improve community engagement and foster strong ties to the communities.

The Group's Events in FYE 2016

April 2015
Visit to Down Syndrome & Hyper Active Children Care Centre


May 2015
SKYTREX Activity


June 2015
AYS Sports & Recreation Club's 1st Anniversary - Family Day (Sunway Lagoon)

August 2015 - Escape Room


September 2015
Blood Donation Campaign


October 2015
Bowling Tournament


November 2015
Badminton Tournament


December 2015
Year end trip to the Waterway Villa Bentong


January 2016
AYS K-Box "STAR" Karaoke Competition


March 2016
Master Builders Association Malaysia Karaoke Battle

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 2016.

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, one (1) 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 well 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.

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 36 to 77 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 five (5) Board of Directors' Meetings held during the financial year ended 31 March 2016. 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	5/5	100
Seow Nyoke Yoong	5/5	100
Mohamad Fazlin Bin Mohamad	5/5	100
Oh Chiew Ho	5/5	100
Oh Yung Sim	5/5	100
Chang Chee Seng (Resigned on 28.08.2015)	3/3	100
Tay Kim Chuan	5/5	100
Oh Pooi Foon	5/5	100
Oh Yung Kwan (Resigned on 22.02.2016)	3/4	75
Toh Tuan Sun (Appointed on 01.04.2016)	-	-

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	*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)*

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 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 Hj Yusof	
	Risk Awareness	19 October 2015
	CG Breakfast with Directors – Board Remueration & Fees	26 November 2015
2.	Oh Yung Sim	
	2015 ASEAN Iron and Steel Sustainability Forum	30 November 2015 – 1 December 2015
	Transfer Pricing Workshop	12 March 2016
3.	Seow Nyoke Yoong	
	Crisis Management & Corporate Governance Tools to Help Companies Prevent Crisis (Companies Commission of Malaysia)	29 September 2015
4.	Mohamad Fazlin bin Mohamad	
	Kursus Pengurusan Ahli Lembaga Pengarah Dan Pemegang Saham Syarikat Kawalan Keselamatan	5 October 2015 – 6 October 2015
5.	Tay Kim Chuan	
	Transfer Pricing Workshop	12 March 2016
6.	Oh Pooi Foon	
	2015 ASEAN Iron and Steel Sustainability Forum	30 November 2015 – 1 December 2015
	Briefing Session for Iron & Steel Industry (i) Trans-Pacific Partnership Agreement - What it means to I &S Sector; and (ii) Exploring Export Opportunities Overseas- Trade Mission	25 February 2016

Directors' Remuneration

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

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)*

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 2016 to review the Non- Executive Directors' fees and allowance, remuneration package of the new and existing Directors and the annual bonuses and increments.

Details of Directors' remuneration for the financial year ended 31 March 2016 are set out as below:

GROUP	FEES (RM'000)	SALARIES (RM'000)	BONUS AND ALLOWANCES (RM'000)	STATUTORY CONTRIBUTION (RM'000)	OTHERS/ BENEFIT-IN-KIND (RM'000)	TOTAL (RM'000)
Executive Directors	191	3,472	1,372	924	244	6,203
Non-Executive Directors	158	-	8	-	-	166

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

	No. of directors	
	Executive	Non-Executive
RM50,001 - RM100,000		3
RM350,001 - RM400,000	1	
RM450,001 - RM500,000	1	
RM600,001 - RM650,000	2	
RM700,001 - RM750,000	1	
RM3,300,001 - RM3,350,000	1	
	6	3

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.

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	*Chairman (Independent Non-Executive Director)*
Seow Nyoke Yoong	*Member (Independent Non-Executive Director)*
Mohamad Fazlin Bin Mohamad	*Member (Independent Non-Executive Director)*

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 1965 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 2016, 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, 1965.

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 2016, four (4) Audit Committee Meetings were held and the details of attendance of each member are as follows:-

AUDIT COMMITTEE MEMBERS	TOTAL MEETINGS ATTENDED
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 2016, 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 2015 prior to submission to the Board of Directors for consideration and approval;
- Reviewed the Statement on Risk Management and Internal Control in respect of the financial year ended 31 March 2015 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 2015 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 Reports;
- 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;
- Reviewed the competency and effectiveness of the internal and external auditors; and
- Reviewed the related party transactions prior to submission to the Board of Directors for consideration and approval.

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 2016/2017 was approved and the four main areas identified for review encompassed the following:

(i) Foreign Currency Exchange;
(ii) System Disaster Recovery & IT Review;
(iii) Budget Review & Variance Analyses; and
(iv) Occupational Safety and Health Administration.

During the financial year ended 31 March 2016, an amount of RM169,920 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	*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)*

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 twice during the financial year ended 31 March 2016.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 March 2016, 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 2016, 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. the Directors have received training during the financial year ended 31 March 2016 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 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.

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 and employees, and the Group's assets.

RISK MANAGEMENT

The Board of Directors is aware that a 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. 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.

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 2016 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

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

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 enhance the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

Additional Compliance Information

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise during the financial year under review.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no issue of options, warrants or convertible securities during the financial year ended 31 March 2016.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Company did not sponsor any ADR or GDR programme.

SANCTION AND/OR PENALTY

Save from disclosed below, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies during the financial year ended 31 March 2016.

1) Penalty of RM770.00 imposed by Majlis Bandaraya Shah Alam for failure to upkeep compound in an orderly manner by a subsidiary company;

2) Penalty of RM500.00 imposed by Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor in respect of late in carrying out assessment of noise exposure by a subsidiary company;

3) Penalty of RM5,000.00 imposed by Jabatan Kastam Diraja Malaysia in respect of error in declaration of tariff code for imported products by a subsidiary company; and

4) Penalty of RM250.00 imposed by traffic police in respect of traffic offences paid by a subsidiary company.

NON-AUDIT FEES

The amount of non-audit fees payable to external auditors by the Group for the financial year ended 31 March 2016 is RM5,000.00.

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 March 2016 and unaudited results previously released for the financial quarter ended 31 March 2016.

PROFIT GUARANTEE

The Company did not provide any form of profit guarantee to any parties during the financial year.

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.

RECURRENT RELATED PARTY TRANSACTIONS

The Company incurred related party transactions in the ordinary course of business with a private company connected to certain directors. The total amount involved falls below the threshold requiring announcements and/or shareholders' mandate.

Financial Statements

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITY

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 principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	8,283	3,427
Attributable to:		
Owners of the company	8,269	3,427
Non-controlling interests	14	-
	8,283	3,427

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIVIDENDS

	RM'000
The amount of dividend declared and paid since the end of the previous financial year were as follows:-	
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

The Directors do not recommend final dividend for the financial year ended 31 March 2016.

DIRECTORS

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

Haji Mohd. Sharif Bin Haji Yusof
Oh Chiew Ho
Oh Yung Sim
Seow Nyoke Yoong
Mohamad Fazlin Bin Mohamad
Tay Kim Chuan
Oh Pooi Foon
Toh Tuan Sun (Appointed on 1 April 2016)
Chang Chee Seng (Resigned on 28 August 2015)
Oh Yung Kwan (Resigned on 22 February 2016)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, the direct and indirect interest in the shares of the Company and of its related corporation of those who were Directors at the end of the financial year are as follows:

	Ordinary shares of RM0.50 each			
	At 1 April 2015	Bought	Sold	At 31 March 2016
Indirect interests				
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.

By virtue of his interest in the ordinary shares of the Company, Oh Chiew Ho is also deemed to be interested in the ordinary shares of the related corporations to the extent the Company has an interest under Section 6A of the Companies Act 1965.

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

DIRECTORS' BENEFITS

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 the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Notes 27, 31 and 33 to the financial statements) by reason of a contract made by the Company 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 changes in the authorised, issued and paid up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and adequate provision for doubtful debts had been made; and

(b) 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 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:

(a) 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

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(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.

OTHER STATUTORY INFORMATION *cont'd*

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; and

(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 current financial year in which this report is made.

HOLDING COMPANY

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

AUDITORS

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

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

....
OH CHIEW HO
DIRECTOR

....
OH YUNG SIM
DIRECTOR

Klang
08 June 2016

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 30 to 68 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 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 69 had 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 Board of Directors in accordance with a resolution of the Board of Directors.

………………………………………	………………………………………
OH CHIEW HO	OH YUNG SIM

Klang
08 June 2016

Statutory Declaration

I, Tay Kim Chuan, being the Director 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 30 to 68 and the supplementary information set out on page 69 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Klang in)
Selangor Darul Ehsan this day of)
08 June 2016) ………………………………………
TAY KIM CHUAN

Before me:

Tee Hsiao Mei
No. B272

Commissioner for Oaths

Independent Auditors' Report

to the members of AYS VENTURES BERHAD

Report on the Financial Statements

We have audited the financial statements of AYS Ventures Berhad, which comprise the Statements of Financial Position as at 31 March 2016 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 68.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 69 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 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

NG CHEE HOONG
(NO: 2278/10/16(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
08 June 2016

Statements of Financial Position

as at 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	72,614	71,672	-	-
Investment properties	5	15,095	15,015	-	-
Investment in subsidiaries	6	-	-	160,100	160,000
Investment in an associate	7	365	-	450	-
Other investment	8	-	-	-	-
Total non-current assets		88,074	86,687	160,550	160,000
Current assets					
Inventories	9	145,321	191,056	-	-
Trade receivables	10	146,155	145,087	-	-
Other receivables	11	10,073	23,117	20	5
Amount due from subsidiaries	12	-	-	30,560	35,307
Tax recoverable		4,141	3,400	-	-
Derivative financial instruments	13	-	1,463	-	-
Fixed deposits with licensed banks	14	27,635	30,875	-	-
Cash and bank balances		16,641	18,165	43	26
Total current assets		349,966	413,163	30,623	35,338
Asset classified as held-for-sale	15	120	-	-	-
Total assets		438,160	499,850	191,173	195,338
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	190,209	190,209	190,209	190,209
Retained earnings	17	164,676	164,015	779	4,960
Revaluation reserve	18	9,718	9,718	-	-
Capital reserve	19	3,595	3,595	-	-
Merger deficit	20	(153,190)	(153,190)	-	-
		215,008	214,347	190,988	195,169
Non-controlling interest		868	854	-	-
Total equity		215,876	215,201	190,988	195,169
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	21	1,970	1,981	-	-
Finance lease liabilities	22	1,439	2,511	-	-
Bank borrowings	23	1,725	2,095	-	-
Total non-current liabilities		5,134	6,587	-	-
Current liabilities					
Trade payables	24	17,601	22,482	-	-
Other payables	25	9,738	7,089	185	169
Finance lease liabilities	22	998	1,211	-	-
Bank borrowings	23	187,994	247,249	-	-
Provision for taxation		13	31	-	-
Derivative financial instruments	13	806	-	-	-
Total current liabilities		217,150	278,062	185	169
Total liabilities		222,284	284,649	185	169
Total equity and liabilities		438,160	499,850	191,173	195,338

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 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	26	591,352	563,799	4,000	3,133
Cost of sales		(537,712)	(512,534)	-	-
Gross profit		53,640	51,265	4,000	3,133
Other income		7,444	6,337	-	-
Selling and distribution expenses		(10,058)	(9,830)	-	-
Administration expenses		(22,280)	(22,413)	(573)	(640)
Other expenses		(5,156)	(6,420)	-	-
Finance costs		(11,770)	(10,298)	-	-
Share of loss of associate		(85)	-	-	-
Profit before tax	27	11,735	8,641	3,427	2,493
Tax expense	28	(3,452)	(1,545)	-	-
Profit for the financial year		8,283	7,096	3,427	2,493
Item that will be reclassified subsequently to profit or loss					
Reversal of gain on fair value upon disposal of available-for-sale financial assets		-	(45)	-	-
Other comprehensive loss for the financial year		-	(45)	-	-
Total comprehensive income for the financial year		8,283	7,051	3,427	2,493
Profit for the financial year attributable to:					
Owners of the Company		8,269	7,050	3,427	2,493
Non-controlling interest		14	46	-	-
		8,283	7,096	3,427	2,493
Total comprehensive income attributable to:					
Owners of the Company		8,269	7,005	3,427	2,493
Non-controlling interest		14	46	-	-
		8,283	7,051	3,427	2,493
Earnings per share					
Basic earnings per ordinary share attributable to owners of the Company (RM)	29	0.02	0.02		

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

Statements of Changes in Equity

for the financial year ended 31 March 2016

	Attributable to Owners of Company								
	Non-Distributable					Distributable			
	Share Capital RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Fair value Adjustment Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group									
Balance at 1 April 2014	190,209	3,595	(153,190)	45	9,718	156,965	207,342	808	208,150
Total comprehensive income for the financial year	-	-	-	(45)	-	7,050	7,005	46	7,051
Balance at 31 March 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 34)	-	-	-	-	-	(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
Company									
Balance at 1 April 2014	190,209	-	-	-	-	2,467	192,676	-	192,676
Total comprehensive income for the financial year	-	-	-	-	-	2,493	2,493	-	2,493
Balance at 31 March 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 34)	-	-	-	-	-	(7,608)	(7,608)	-	(7,608)
Balance at 31 March 2016	190,209	-	-	-	-	779	190,988	-	190,988

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

Statements of Cash Flows

for the financial year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		11,735	8,641	3,427	2,493
Adjustments for:-					
Depreciation of property, plant and equipment		3,069	3,142	-	-
Impairment loss on trade receivables		508	2,087	-	-
Goodwill written off		4	-	-	-
Interest expense		11,770	10,298	-	-
Unrealised loss on foreign exchange		1,139	253	-	-
Gain on disposal of property, plant and equipment		(145)	(230)	-	-
Gain on disposal of other investments		-	(58)	-	-
Gain on fair value adjustments on investment properties		(61)	(3,398)	-	-
Interest income		(1,357)	(1,134)	-	-
Bad debts written off		79	43	-	-
Share of loss of an associate		85	-	-	-
Impairment loss on trade receivables no longer required		(468)	(446)	-	-
Operating profit before working capital changes		26,358	19,198	3,427	2,493
Changes in working capital:-					
Inventories		45,734	(18,801)	-	-
Receivables		11,863	(14,580)	(15)	142
Payables		(2,692)	(1,767)	16	(8)
Cash generated from/(used in) operations		81,263	(15,950)	3,428	2,627
Tax paid		(4,221)	(5,513)	-	-
Net cash from/(used in) operating activities		77,042	(21,463)	3,428	2,627
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of subsidiary		-	-	(100)	-
Acquisition of associate company		(450)	-	(450)	-
Purchase of property, plant and equipment	A	(4,189)	(410)	-	-
Purchase of investment property		-	(772)	-	-
Proceeds from disposal of property, plant and equipment		184	231	-	-
Proceeds from disposal of other investment		-	117	-	-
Net cash inflow from acquisition of subsidiary	6	65	-	-	-
Interest received		1,357	1,134	-	-
Net cash (used in)/from investing activities		(3,033)	300	(550)	-

Statements of Cash Flows *cont'd*

for the financial year ended 31 March 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOW FROM FINANCING ACTIVITIES					
Subsidiary		-	-	4,747	(2,608)
Interest paid		(11,770)	(10,298)	-	-
Dividend paid		(7,608)	-	(7,608)	-
Fixed deposits (pledged to)/uplifted with licensed banks		(475)	6,957	-	-
Net (repayment)/drawdown from borrowings		(57,384)	29,847	-	-
Repayment of finance lease liabilities		(1,286)	(1,477)	-	-
Repayment of term loan		(338)	(394)	-	-
Net cash (used in)/from financing activities		(78,861)	24,635	(2,861)	(2,608)
CASH AND CASH EQUIVALENTS					
Net changes		(4,852)	3,470	17	19
At beginning of financial year		22,358	18,864	26	7
Effect on foreign exchange rate		36	24	-	-
At end of financial year	B	17,542	22,358	43	26

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 an aggregate cost of RM4,188,883 (2015: RM2,059,074) of which RMNil (2015: RM1,649,500) were acquired by means of finance lease. Cash payments of RM4,188,883 (2015: RM409,574) were made to purchase the property, plant and equipment.

B. CASH AND CASH EQUIVALENTS COMPRISE:-

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

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash and bank balances		16,641	18,165	43	26
Fixed deposits with licensed banks		27,635	30,875	-	-
Less: Bank overdrafts		(809)	(1,232)	-	-
		43,467	47,808	43	26
Less: Fixed deposits pledged		(25,925)	(25,450)	-	-
		17,542	22,358	43	26

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

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.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

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

The financial statements were authorised by the Board of Directors in accordance with a resolution of the Directors on 8 June 2016.

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, 1965 in Malaysia.

2.2 **Basis of Measurement**

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

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 value are rounded to the nearest thousand (RM'000), except when otherwise stated.

2.4 **Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, and IC Interpretations ("IC Int")**

Except for the changes below, 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 current financial year, the Group and the Company adopted MFRSs and amendments to MFRSs which are mandatory for the financial periods beginning on or after 1 April 2015.

Amendments to MFRSs effective 1 July 2014 :

Amendments to MFRS 119 Employee Benefits: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle, including the amendments to:

- MFRS 2 Share-based Payment Definition of vesting condition
- MFRS 3 Business Combination: Accounting for contingent consideration in a business combination
- MFRS 8 Operating Segments: Aggregation of operating segments
- MFRS 8 Operating Segments: Reconciliation of the total of the reportable segments' assets to the entity's assets
- MFRS 13 Fair Value Measurement: Short-term receivables and payables
- MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets: Revaluation method – proportionate restatement of accumulated depreciation
- MFRS 124 Related Party Disclosures: Key Management Personnel

Annual Improvements to MFRSs 2011 – 2013 Cycle, including the amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards: Meaning of "Effective MFRSs"
- MFRS 3 Business Combinations: Scope exceptions for joint ventures
- MFRS 13 Fair Value Measurement: Scope of paragraph 52 (portfolio exception)
- MFRS 140 Investment Property: Clarifying the interrelationship between MFRS 3 and MFRS 140 when classifying property as investment property or owner-occupied property

Initial application of the standards and amendments to the standards did not have material impact to the financial statements. The nature and the impact of these new standards and amendments are described below:

MFRS 2 is not applicable to the Group's operation.

MFRS 1, 2, 3 and 8 are not applicable to the Company's operation.

The adoption of new/revised standards did not have material impact on the Group's and the Company's financial statements.

2.5 **Standards Issued But Not Yet Effective**

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

MFRS and Amendments to MFRSs effective 1 January 2016:

MFRS 14	Regulatory Deferral Accounts
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
Amendments to MFRS 10	Consolidated Financial Statement, MFRS 12 Disclosure of Interest in Other Entities and MFRS 128 Investments in Associates and Joint Ventures: Investment Entities-Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for acquisitions of interests in joint operations
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138 Intangible Assets: Clarification of acceptable methods of depreciation and amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141 Agriculture: Agriculture-Bearer Plants
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements

2. **BASIS OF PREPARATION** *cont'd*

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

Annual Improvements to MFRSs 2012-2014 Cycle, including the amendments to:

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
MFRS 7	Financial Instruments – Disclosures: Servicing contracts
MFRS 7	Financial Instruments – Disclosures: Applicability of the amendments to MFRS 7 to condensed interim financial statements
MFRS 119	Employee Benefits: Discount rate – regional market issue
MFRS 134	Interim Financial Reporting: Disclosures of information "elsewhere in the interim financial report"

Amendments to MFRS effective 1 January 2017:

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Disclosure Initiative

MFRS and Amendments to MFRS effective 1 January 2018:

MFRS 9 Financial Instruments	(IFRS 9 Issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures

MFRS effective 1 January 2019:

MFRS 16 Leases

MFRS 14 is not applicable to the Group and the Company's operation.

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

MFRS 9 Financial Instruments

MFRS 9 is issued during the financial year, which reflects all phases of the financial instruments project and 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.

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 Int 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 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 Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standards 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 MFRS 16 and plan to adopt the new standards on the required effective date.

2. **BASIS OF PREPARATION** *cont'd*

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 and 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.

<u>Revaluation of property, plant and equipment</u>

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

The carrying amount 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.

<u>Useful lives of depreciable assets</u>

Property, plant and equipment are depreciated on a straight-line basis over their useful life. 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 end of the reporting date. As at 31 March 2016, 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 estimates and hence it would not result in material variance in the Group's profit for the financial year.

<u>Income taxes</u>

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transaction 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.

<u>Deferred tax assets</u>

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital 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.

<u>Impairment of receivables</u>

The Group assesses at each reporting date whether there is any objective evidence that a financial assets 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 profit for the financial year.

2. **BASIS OF PREPARATION** *cont'd*

2.6 **Significant Accounting Estimates and Judgements** *cont'd*

2.6.1 **Estimation Uncertainty** *cont'd*

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 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.

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 times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting date is disclosed in Note 9 to the financial statements.

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.

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 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. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.1 **Consolidation** *cont'd*

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 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 and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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 subsidiary 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 share premium, capital redemption reserve and any other 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 accounted for under 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 of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.1 **Consolidation** *cont'd*

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 interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

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

3.1.5 **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 the 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 results in a deficit balance.

3.1.6 **Associates and Joint Arrangement**

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

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint venture are accounted for using the equity method. Under the equity method, investment in an associate or a joint venture 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 or joint venture since the acquisition date. Goodwill relating to the associate or joint venture 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 or a joint venture 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

When the Group's share of losses exceeds its interest in an associate or a joint venture, 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 or the joint venture.

The financial statements of the associates and joint venture are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associates or joint venture 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 associates or joint venture. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint venture 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 or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.1 **Consolidation** *cont'd*

3.1.6 **Associates and Joint Arrangement** *cont'd*

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 gain or loss 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 associates and a joint venture are 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 Translation**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). 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 except for exchange differences arising from monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

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.

3.3 **Tax Expense**

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

3.3.1 **Current tax**

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

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 statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction 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.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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.

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 on buildings 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.

As 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 is 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 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 other comprehensive income.

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.

The principal annual depreciation rates used are as follows:-

Factory and buildings	2%
Machinery and equipment	10% - 20%
Motor vehicles and others	8% - 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 for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.5 Investment Properties

Investment properties are properties which are owned 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 labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value and are included in the statement 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 of 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.

3.6 Inventories

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

Cost of work-in-progress and finished goods include the cost of materials, direct labour and proportion of the manufacturing overheads.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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.

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.

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.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

3.7 **Financial Instruments** *cont'd*

3.7.2 **Financial assets – categorisation and subsequent measurement** *cont'd*

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 is 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 allowance 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 cash and cash equivalents, 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.

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.

As at the reporting date, the Group and the Company carry only other financial liabilities on their statement of financial position.

Other liabilities measured at amortised cost

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings 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. **SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

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 Company are capitalised. The depreciation policy on these assets is similar to that of the Group's and of the Company'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 hire purchase arrangements are allocated to statement of comprehensive income 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.

3.12 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 Sale of goods

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised 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.

3.13 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

3.13 Impairment of Financial Assets *cont'd*

3.13.1 Trade and other receivables and other financial assets carried at cost *cont'd*

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

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.

3.15 Derivative Financial Instruments and Hedging Activities

Derivatives 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 Instrument

Ordinary shares are classified as equity which are recorded at the normal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Dividend on ordinary shares is recognised as liability when declared.

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 periods' 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 Employee 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 obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as 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 holding company 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.

4. PROPERTY, PLANT AND EQUIPMENT

Group	At Valuation Freehold Land RM'000	At Valuation Factory and Buildings RM'000	At Cost Machinery and Equipment RM'000	At Cost Motor Vehicles and Others RM'000	At Cost Capital work in progress RM'000	Total RM'000
Cost or valuation						
At 1 April 2014	40,112	26,233	13,716	12,813	-	92,874
Additions	-	-	530	1,529	-	2,059
Disposals	-	-	(134)	(919)	-	(1,053)
Written off	-	-	-	(2)	-	(2)
At 31 March 2015	40,112	26,233	14,112	13,421	-	93,878
Additions	-	-	315	874	3,000	4,189
Disposals	-	-	-	(424)	-	(424)
Transfer to investment property	-	(187)	-	-	-	(187)
At 31 March 2016	40,112	26,046	14,427	13,871	3,000	97,456
Accumulated depreciation						
At 1 April 2014	-	2,152	10,188	7,778	-	20,118
Charge for the financial year	-	575	794	1,773	-	3,142
Disposals	-	-	(134)	(918)	-	(1,052)
Written off	-	-	-	(2)	-	(2)
At 31 March 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 property	-	(48)	-	-	-	(48)
At 31 March 2016	-	3,254	11,637	9,951	-	24,842
Net carrying amount						
At 31 March 2015	40,112	23,506	3,264	4,790	-	71,672
At 31 March 2016	40,112	22,792	2,790	3,920	3,000	72,614

	Group 2016 RM'000	Group 2015 RM'000
Details of assets under finance lease arrangements		
Motor vehicles		
- additions during the financial year	-	1,049
- net carrying amount at financial year end	1,767	2,968
Machinery and equipment		
- additions during the financial year	-	500
- net carrying amount at financial year end	816	1,026

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

Revaluation of land and buildings

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

Freehold land and buildings 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 freehold land and buildings.

In estimating the fair value 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 in "Revaluation Reserve" under the equity. Freehold land and buildings at valuation are categorised as Level 2 fair value.

Level 2 Fair Value

Level 2 fair value of freehold land and buildings 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 freehold land and buildings of the Group been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM22,874,082 (2015: RM23,248,427).

(b) The net carrying value of property, plant and equipment of the Group amounted to RM62,620,000 (2015: RM63,576,000) are pledged as securities for bank facilities granted to the Group as disclosed in Note 23 to the financial statements.

5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Fair value			
At 1 April 2014	8,325	2,520	10,845
Change in fair value recognised in profit or loss	2,876	522	3,398
Additions	64	708	772
At 31 March 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

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 2016 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.

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

Level 2 Fair Value

Level 2 fair value of freehold land and buildings 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 pledged as securities for the banking facilities granted to the Group are as follows:-

	Group 2016 RM'000	Group 2015 RM'000
Land and buildings	12,490	12,500

(d) The title deed of buildings of the Group with the fair value of RM140,000 (2015: RM140,000) is yet to be issued by the relevant authorities.

6. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares at cost	160,100	160,000

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

	Effective Interest (%) 2016	Effective Interest (%) 2015	Principal activity
Subsidiaries			
Ann Yak Siong Hardware Sdn. Bhd.	100	100	Trading and marketing of steel products
Infinity FZ Sdn. Bhd.	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	Manufacture and trading of panels and components for sectional tanks
AYS Wire Products Sdn. Bhd.	90	90	Manufacture and trading of wire and steel products
CH Yodoform Sdn. Bhd.	100	100	Manufacture and trading of purlin and other steel products
Heapi Enterprise Sdn. Bhd.	100	100	Dormant
AYS Metal Trading Sdn. Bhd.	99	99	Trading of panels and components, supply of installation and maintenance services of sectional tanks
CH Yodoform Trading Sdn. Bhd.	100	100	Dormant

All the subsidiaries are audited by SJ Grant Thornton.

Acquisition of subsidiary

On 7 September 2015, the Company acquired 100% equity interest in Infinity FZ Sdn. Bhd. for a total consideration of RM100,000.

The fair value of the assets and liabilities acquired and the goodwill arising are as follows:-

	2016 RM'000
Other receivables, deposits and prepayments	515
Cash at bank	165
Other payables and accruals	(22)
Amount due to a Director	(562)
Net assets acquired	96
Goodwill on consolidation	4
Total consideration paid	100
Cash and cash equivalent	(165)
Net cash inflow arising on acquisition	(65)

The acquisition of new subsidiary reduced the Company's profit after tax for the financial year between the date of acquisition and reporting date by RM184,857.

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Unquoted shares in Malaysia	450	-	450	-
Share of result of associate	(85)	-	-	-
	365	-	450	-

Details of the associate are as follows:-

	Effective Interest (%) 2016	2015	Principal activity
Associate			
AOK Engineering Services Sdn. Bhd. ("AOK")	45	-	Operation of engineering design and drawing

On 26 November 2015, the Company acquired 450 ordinary shares of RM1 each representing 45% of the total issued and paid up share capital of AOK for a total cash consideration of RM450. On 7 March 2016, the Company subscribed for additional 449,550 new ordinary shares of RM1 each issued by AOK.

The following table summarise the information of the Group's associate:-

	2016 RM'000
Assets and liabilities	
Total assets	1,004
Total liabilities	193
Results	
Revenue	-
Net loss for the year	(189)

8. OTHER INVESTMENT

	Group	
	2016 RM'000	2015 RM'000
Available-for-sale financial assets		
Share quoted in Malaysia		
At 1 April 2014/2015	-	104
Additions	-	-
Disposal	-	(59)
Fair value adjustment	-	(45)
	-	(104)
At 31 March	-	-
Market value	-	-

9. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
Raw materials	2,606	3,764
Work-in-progress	2,060	2,590
Finished goods	140,655	184,702
At carrying amount	145,321	191,056
Recognised in profit and loss:		
Inventories recognised as cost of sales	537,712	512,534

10. TRADE RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000
Trade receivables	153,110	152,081
Less: Allowance for impairment losses	(6,955)	(6,994)
Net trade receivables	146,155	145,087

The movement of impairment losses during the financial year is as follows:

	Group 2016 RM'000	Group 2015 RM'000
At beginning of financial year	6,994	5,396
Recognised	508	2,087
Written off	(79)	(43)
Reversed	(468)	(446)
At end of financial year	6,955	6,994

Trade receivables are non-interest bearing and generally on 30 to 120 (2015: 30 to 120) days term.

Impairment losses written off during the financial year by the Group amounted to RM79,000 (2015: RM43,000).

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

	Group 2016 RM'000	Group 2015 RM'000
US Dollar	1,931	3,384
SGD	11,277	9,108

11. OTHER RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-trade receivables	6,611	15,756	-	-
Deposits	424	2,178	20	5
Prepayments	2,991	5,094	-	-
Staff advances	47	89	-	-
	10,073	23,117	20	5

As at 31 March 2016, included in non-trade receivables of the Group are payments in advance made to suppliers of RM2,736,003 (2015: RM15,311,685) for the supply of goods.

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

	Group 2016 RM'000	Group 2015 RM'000
US Dollar	2,722	3,520

12. **AMOUNT DUE FROM SUBSIDIARIES**

	Company 2016 RM'000	Company 2015 RM'000
Non-trade nature	30,560	35,307

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

13. **DERIVATIVE FINANCIAL INSTRUMENTS**

	Group 2016		Group 2015	
	Contract/ Notional Amount RM'000	(Assets)/ Liabilities RM'000	Contract/ Notional Amount RM'000	(Assets)/ Liabilities RM'000
Hedging derivatives:				
Forward currency contracts	34,452	806	61,848	(1,463)

The Group uses forward currency contracts to manage some of the transaction 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 2016, the Group has forward currency contracts outstanding designated as hedges of expected future purchases from suppliers in Singapore, Thailand, China, Japan, Korea, Europe and Indonesia for which the Company has high probable forecasted transactions. The forward currency contracts are being used to hedge the foreign currency risk of the highly probable forecasted transactions.

14. **FIXED DEPOSITS WITH LICENSED BANKS**

Included in fixed deposits with licensed banks of the Group are RM25,925,000 (2015: RM25,450,000) pledged to the licensed banks for banking facilities granted as disclosed in Note 23 to the financial statements.

15. **ASSET CLASSIFIED AS HELD-FOR-SALE**

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

On 2 September 2015, an agreement is made with the contracted party to dispose a single storey terrace house. The non-current assets held for sale with a carrying amount 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.

16. **SHARE CAPITAL**

Group and Company

	No. of Ordinary Shares of RM0.50 each 2016	No. of Ordinary Shares of RM0.50 each 2015	Amount 2016 RM	Amount 2015 RM
Authorised:	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid:	380,417,656	380,417,656	190,208,828	190,208,828

17. **RETAINED EARNINGS**

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

18. **REVALUATION RESERVE**

Revaluation reserve relates to the revaluation of land and buildings previously recognised in other comprehensive income.

19. **CAPITAL RESERVE**

Capital reserve relates to the bonus share issued by subsidiaries.

20. **MERGER DEFICIT**

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

Merger deficit	Group RM'000
Nominal value of shares issued by the Company	160,000
Less: Nominal values of share capital of subsidiaries acquired	(6,810)
	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 and any share premium acquired is adjusted to equity.

21. **DEFERRED TAX LIABILITIES**

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial year	1,981	2,179
Recognised in profit or loss (Note 28)		
- current year	(11)	(198)
At end of financial year	1,970	1,981

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

	Group	
	2016 RM'000	2015 RM'000
Deferred tax liabilities		
Carrying amount of qualifying property, plant and equipment in excess of their tax base	947	959
Revaluation of freehold land and buildings	1,725	1,725
Receivables – allowance for impairment loss in receivables	(702)	(703)
	1,970	1,981

22. FINANCE LEASE LIABILITIES

	Group	
	2016	2015
	RM'000	RM'000
Minimum lease premium:-		
- payable within 1 year	1,090	1,441
- payable after 1 year but not later than 5 years	1,520	2,607
	2,610	4,048
Less: Unexpired interest in suspense	(173)	(326)
	2,437	3,722
Present value of finance lease liabilities		
- within 1 year	998	1,211
- after 1 year but not later than 5 years	1,439	2,511
	2,437	3,722

23. BANK BORROWINGS

	Group	
	2016	2015
	RM'000	RM'000
Non-current		
Secured:-		
Term loan	1,725	2,095
Current		
Secured:-		
Bank overdrafts	809	1,232
Bankers' acceptance	186,105	203,499
Onshore foreign currency loan	583	42,052
Term loan	497	466
	187,994	247,249

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 14 to the financial statements.

The bank borrowings of the Group bear interest at rates ranging from 1.77% to 8.60% (2015: 1.86% to 8.60%) per annum.

The above term loan of RM4,800,000 is repayable over 120 monthly installments of RM53,438 each month from the date of full drawndown.

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

	Group	
	2016	2015
	RM'000	RM'000
US Dollar	583	42,052

24. TRADE PAYABLES

Trade payables are non-interest bearing and are generally on 14 to 120 (2015: 14 to 120) days term.

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

	Group	
	2016	2015
	RM'000	RM'000
US Dollar	3,632	1,168

25. OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-trade payables	6,269	4,858	13	3
Accruals	2,343	2,198	172	166
Deposits	1,126	33	-	-
	9,738	7,089	185	169

26. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	591,352	563,799	-	-
Dividend income	-	-	4,000	3,133
	591,352	563,799	4,000	3,133

27. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Audit fees				
- current financial year	116	113	17	17
- under provision in prior year	26	5	-	-
Bad debts written off	79	43	-	-
Depreciation of property, plant and equipment	3,069	3,142	-	-
Directors' remuneration				
- fees	349	356	349	356
- other emoluments	5,876	5,945	8	6
Goodwill written off	4	-	-	-
Hiring of machinery	429	427	-	-
Impairment loss on trade receivables	508	2,087	-	-
Interest expense				
- bankers' acceptance	10,986	9,780	-	-
- bank overdrafts	127	93	-	-
- finance lease	152	168	-	-
- term loan	250	247	-	-
- other interest	255	10	-	-
Realised loss on foreign exchange	2,044	4,843	-	-
Rental expense	72	84	-	-
Unrealised loss on foreign exchange	1,139	253	-	-
Bad debts recovered	-	(20)	-	-
Gain on disposal of other investments	-	(58)	-	-
Gain on disposal of property, plant and equipment	(145)	(230)	-	-
Gain on fair value adjustment on investment properties	(61)	(3,398)	-	-
Impairment on trade receivables no longer required	(468)	(446)	-	-
Interest income				
- overdue customers	(366)	(192)	-	-
- interest on fixed deposits	(963)	(904)	-	-
- current account	(28)	(38)	-	-
Rental income	(69)	(85)	-	-

28. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Taxation				
- current year	3,649	2,070	-	-
- over provision in prior years	(186)	(327)	-	-
Transfer to deferred taxation (Note 21)				
- current year	(175)	(306)	-	-
- Under provision in prior years	164	108	-	-
	(11)	(198)	-	-
	3,452	1,545	-	-

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	11,735	8,641	3,427	2,493
Tax at 24% (2015:25%)	2,816	2,160	822	623
Income not subject to tax	(2,041)	(1,032)	(960)	(783)
Non-allowable expenses	2,848	789	138	160
Double deduction expenses	(49)	(81)	-	-
Utilisation of deferred tax assets	-	(92)	-	-
Deferred tax assets not recognised	(100)	20	-	-
	3,474	1,764	-	-
Over provision of taxation in prior year	(186)	(327)	-	-
Under provision of deferred taxation in prior year	164	108	-	-
Total tax expense	3,452	1,545	-	-

As at 31 March 2016, the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately RM1,744,000 (2015: RM1,636,000) and RMNil (2015: RM592,000) available for offset against future taxable profit.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

29. EARNINGS PER SHARE

Basic earnings per share

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

	Group	
	2016	2015
Profit for the financial year attributable to the owners of the Company (RM)	8,269,000	7,050,000
Weighted average number of ordinary shares in issue	380,417,656	380,417,656
Basic earnings per share (RM)	0.02	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.

30. DEFERRED TAX ASSETS NOT RECOGNISED

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

	Group	
	2016	2015
	RM'000	RM'000
Excess of property, plant and equipment's carrying amount over its tax base	(185)	(413)
Unutilised tax losses	1,744	1,636
Unabsorbed capital allowances	-	592
Reinvestment allowance	1,966	2,128
	3,525	3,943

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

31. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and overtime	15,679	14,414	8	6
Social security contributions	201	92	-	-
Defined contribution plan	2,280	2,207	-	-
Bonus	3,432	2,852	-	-
Other benefits	417	380	-	-
	22,009	19,945	8	6

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and overtime	3,480	3,689	8	6
Social security contributions	3	3	-	-
Defined contribution plan	921	937	-	-
Bonus	1,372	1,236	-	-
Other benefits	100	80	-	-
	5,876	5,945	8	6
Estimated money value of benefits-in-kind	144	128	-	-
	6,020	6,073	8	6

32. COMMITMENTS

Group

(a) Capital commitments

	2016	2015
	RM'000	RM'000
Authorised but not contracted for:		
- Property, plant and equipment	26,061	18,962
Authorised and contracted for:		
- Property, plant and equipment	733	2,338

32. **COMMITMENTS** *cont'd*

Group

(b) Operating lease commitments

Non-cancellable lease commitments in respect of rental of premises are as follows:

	2016 RM'000	2015 RM'000
Not later than one year	784	-

(c) Finance lease commitments

The future minimum lease payments under finance lease are disclosed in Note 22 to the financial statements.

33. **RELATED PARTY DISCLOSURE**

(a) Related party transactions

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend income received from a subsidiary	-	-	(4,000)	(3,133)
Dividend paid to holding company	(4,793)	-	(4,793)	-
Rental income from a company in which certain Directors of the Company have interest	(40)	(40)	-	-

(b) Compensation of key management personnel

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and other emoluments	8,484	8,241	8	6
Social security contributions	10	10	-	-
Defined contribution plan	1,384	1,361	-	-
Other benefits	391	330	-	-
	10,269	9,942	8	6

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 either directly or indirectly.

34. **DIVIDENDS**

	2016 RM'000	2015 RM'000
In respect of the financial year ended 31 March 2016:-		
First single tier interim dividend of 0.1 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 0.1 sen per ordinary share amounting to RM3,804,177 paid on 10 August 2015	3,804	-
	7,608	-

35. 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 liabilities measured at amortised cost (OL).

Group	Carrying Amount RM'000	L&R RM'000	OL RM'000
2016			
Financial assets			
Trade and other receivables (Notes 10 and 11)	153,237	153,237	-
Fixed deposits with licensed banks (Note 14)	27,635	27,635	-
Cash and bank balances	16,641	16,641	-
	197,513	197,513	-
Financial liabilities			
Trade and other payables (Notes 24 and 25)	27,339	-	27,339
Finance lease liabilities (Note 22)	2,437	-	2,437
Bank borrowings (Note 23)	189,719	-	189,719
	219,495	-	219,495
2015			
Financial assets			
Trade and other receivables (Notes 10 and 11)	163,109	163,109	-
Fixed deposits with licensed banks (Note 14)	30,875	30,875	-
Cash and bank balances	18,165	18,165	-
	212,149	212,149	-
Financial liabilities			
Trade and other payables (Notes 24 and 25)	29,571	-	29,571
Finance lease liabilities (Note 22)	3,722	-	3,722
Bank borrowings (Note 23)	249,344	-	249,344
	282,637	-	282,637
Company			
2016			
Financial assets			
Other receivables (Note 11)	20	20	-
Amount due from a subsidiary (Note 12)	30,560	30,560	-
Cash and bank balances	43	43	-
	30,623	30,623	-
Financial liabilities			
Other payables (Note 25)	185	-	185
2015			
Financial assets			
Other receivables (Note 11)	5	5	-
Amount due from a subsidiary (Note 12)	35,307	35,307	-
Cash and bank balances	26	26	-
	35,338	35,338	-
Financial liabilities			
Other payables (Note 25)	169	-	169

36. OPERATING SEGMENT

(a) Business segments

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

Trading	Trading and marketing of steel products and all types of construction materials
Manufacturing	Manufacturing of panels, 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 respect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

2016 **Group**	Note	Manufacturing RM'000	Trading RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
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
Segment profit		2,593	6,542	(917)	-	8,218
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)
2015						
Group						
Revenue						
External customers		53,547	510,252	-	-	563,799
Inter-segment	i	1,369	7,938	3,133	(12,440)	-
Total revenue		54,916	518,190	3,133	(12,440)	563,799
Results:						
Interest income		(650)	(802)	-	318	(1,134)
Interest expense		134	10,482	-	(318)	10,298
Depreciation of property, plant and equipment		840	2,302	-	-	3,142
Fair value gains on investment properties		(60)	(3,338)	-	-	(3,398)
Other non-cash expenses	ii	379	1,558	-	-	1,937
Income tax expense		417	1,128	-	-	1,545
Segment profit		1,387	6,352	(643)	-	7,096
Assets:						
Additions to non-current asset	iii	636	2,195	-	-	2,831
Segment assets		52,824	446,995	31	-	499,850
Liabilities:						
Segment liabilities		(24,413)	(259,986)	(250)	-	(284,649)

36. **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 2016 RM'000	Group 2015 RM'000
Impairment loss on trade receivables	508	2,087
Bad debts written off	79	43
Impairment for doubtful debts no longer required	(468)	(446)
Unrealised loss on foreign currency	1,139	253
	1,258	1,937

iii Additions to non-current assets consist of:-

	Group 2016 RM'000	Group 2015 RM'000
Property, plant and equipment	4,189	2,059
Investment properties	-	772
	4,189	2,831

(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.

37. **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 policy is 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 Group if a customer or counterparty 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, and 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.

Followings are the areas where the Group is exposed to credit risk:

37. **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 statement 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 these trade receivables is as follows:-

Group	Gross	Individually Impaired	Net
2016	RM'000	RM'000	RM'000
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 121 days	13,183	(6,955)	6,228
	153,110	(6,955)	146,155
2015			
Not past due	71,089	-	71,089
Past due 1 - 30 days	37,019	-	37,019
Past due 31 - 60 days	19,443	-	19,443
Past due 61 - 90 days	8,567	-	8,567
Past due 91 - 120 days	4,028	-	4,028
More than 121 days	11,935	(6,994)	4,941
	152,081	(6,994)	145,087

Trade receivables that are past due not impaired are credit worthy debtors with good payment records with the Group. As at 31 March 2016, trade receivables of RM73,744,000 (2015: RM73,998,000) for the Group 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 amount of trade receivables is considered a reasonable approximate of fair value. 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.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(ii) *Corporate guarantees*

The maximum exposure to credit risk is represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the borrowers and their repayments to the banks. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

(iii) *Intercompany balances*

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

The Company provides unsecured advances to subsidiary and monitors its results regularly. As at the end of the reporting date, there was no indication that the advances to subsidiary is not recoverable.

37. 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, due to 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 it will have sufficient liquidity to meet its liabilities 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.

Following are the areas where the Group and the Company are exposed to liquidity risk:-

Group			Maturity		
	Carrying Amount RM'000	Contractual Cash Flows RM'000	Current Less Than 1 Year RM'000	More Than 1 year but Less Than 5 Years RM'000	More Than 5 Years RM'000
2016					
Secured:					
Finance lease liabilities	2,437	2,610	1,090	1,520	-
Bank overdrafts	809	809	809	-	-
Bankers' acceptance	186,105	186,105	186,105	-	-
Term loan	2,222	2,497	641	1,856	-
Onshore foreign currency loan	583	583	583	-	-
	192,156	192,604	189,228	3,376	-
Unsecured:					
Trade payables	17,601	17,601	17,601	-	-
Other payables	9,738	9,738	9,738	-	-
	27,339	27,339	27,339	-	-
Total	219,495	219,943	216,567	3,376	-
2015					
Secured:					
Finance lease liabilities	3,722	4,048	1,441	2,607	-
Bank overdrafts	1,232	1,232	1,232	-	-
Bankers' acceptance	203,499	203,499	203,499	-	-
Term loan	2,561	3,040	641	2,399	-
Onshore foreign currency loan	42,052	42,052	42,052	-	-
	253,066	253,871	248,865	5,006	-
Unsecured:					
Trade payables	22,482	22,482	22,482	-	-
Other payables	7,089	7,089	7,089	-	-
	29,571	29,571	29,571	-	-
Total	282,637	283,442	278,436	5,006	-

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

(b) Liquidity risk *cont'd*

Following are the areas where the Group and the Company are exposed to liquidity risk:-

Company

			Maturity		
	Carrying Amount RM'000	Contractual Cash Flows RM'000	Current Less Than 1 Year RM'000	More Than 1 year but Less Than 5 Years RM'000	More Than 5 Years RM'000
2016					
Unsecured:					
Other payables	185	185	185	-	-
Total	185	185	185	-	-
2015					
Unsecured:					
Other payables	169	169	169	-	-
Total	169	169	169	-	-

(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 and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar (USD) and Singapore Dollar (SGD). The Group uses 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 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)	
	Profit for the year RM'000	Equity RM'000
2016		
USD/RM		
Strengthened 0.55%	14	14
Weakened (0.55%)	(14)	(14)
SGD/RM		
Strengthened 0.66%	80	80
Weakened (0.66%)	(80)	(80)
2015		
USD/RM		
Strengthened 1.07%	377	377
Weakened (1.07%)	(377)	(377)
SGD/RM		
Strengthened 0.33%	37	37
Weakened (0.33%)	(37)	(37)

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.

(d) **Interest rate risk**

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

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's targets 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 were as follows:-

	Group	
	2016	2015
	RM'000	RM'000
Fixed rate instruments		
Fixed deposits with licensed banks	27,635	30,875
Finance lease liabilities	(2,437)	(3,722)
	25,198	27,153
Floating rate instruments		
Bank overdrafts	809	1,232
Bankers' acceptance	186,105	203,499
Term loan	2,222	2,561
Onshore foreign currency loan	583	42,052
	189,719	249,344

Interest rate sensitivity analysis

As at 31 March 2016, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

The following table illustrates the sensitivity of 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.

	Group	
	Effect on profit for the financial year	
	+50BP	-50BP
	RM'000	RM'000
2016		
Floating rate instruments	(949)	949
2015		
Floating rate instruments	(1,247)	1,247

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

Fair value

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments carried at fair value Level 2 RM'000	Carrying amount RM'000
2016			
Group			
Financial liabilities			
Finance lease liabilities	-	2,312	2,437
Bank borrowings	-	187,498	189,719

	Fair value of financial instruments carried at fair value Level 1 RM'000	Fair value of financial instruments carried at fair value Level 2 RM'000	Carrying amount RM'000
2015			
Group			
Financial liabilities			
Finance lease liabilities	-	3,430	3,722
Bank borrowings	-	249,129	249,344

There were no transfers between Level 1 and Level 2 during the financial year (2015: no transfer in either direction).

38. FINANCIAL GUARANTEE

	Company 2016 RM'000	Company 2015 RM'000
Corporate guarantee given to banks as securities for facilities granted to subsidiaries	187,497	246,783

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantee is RMNil.

39. CAPITAL MANAGEMENT

The Group's objectives when managing capital are 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. The Directors monitor and determine to maintain an optimal debt-to-equity ratio and tangible net worth that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the financial year. The Group is required to maintain a debt-to-equity ratio not exceeding 2 and minimum tangible net worth of RM150 million to comply with the banks covenants, failing which, the bank may call an event of default. The Group has complied with these requirements.

DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad had on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on Group and Company basis, as the case may be, in quarterly reports and 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 directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	2016 RM'000	2015 RM'000
Group		
Total retained earnings of the Group:		
- Realised	157,890	156,414
- Unrealised	6,786	7,601
	164,676	164,015
Company		
Total retained earnings of the Company:		
- Realised	779	4,960
- Unrealised	-	-
	779	4,960

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

Properties Held

by AYS Ventures Berhad and its subsidiaries as at 31 March 2016

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Revalued/ Net Book Value as at 31-03-2016 (RM'000)
Lot 6488, Jalan Haji Abdul Manan, 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse, Office and Open storage yard	19	01-Oct-09	31-Mar-13	23,083
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	21	30-Nov-90	31-Mar-13	8,213
Lot 3845, Batu 7, Jalan Kapar/KU 7, 41050 Klang, Selangor Darul Ehsan	Freehold	Industrial Land & Building	1.397 acres	Factory and Office	7	20-Dec-01	31-Mar-13	6,538
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 Darul Ehsan	Freehold	Industrial Land & Building	3.559 acres	Factory and Office	15	13-Oct-92	31-Mar-13	13,558
Sub-Total (value of properties held as property, plant and equipment)								62,904
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	Vacant	18	15-Feb-94	31-Mar-16	1,300
Unit No. B-4-1, Level 4, Block B, BBK Condominium, Persiaran Bukit Raja 1, Bandar Baru Klang, 41150, Selangor	Leasehold (expiring on 09.05.2093)	Condominium	1,000 sq ft	Vacant	16	26-Oct-95	31-Mar-16	190
Lot 1232, Off Jalan Bukit Kemuning, Seksyen 35 Mukim Klang, Klang, Selangor	Freehold	Industrial Land	4.438 acres	Vacant		03-Jan-96	31-Mar-16	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-16	165
A5-09P, Level 9, Parkview Tower, Amber Court, 69000 Genting Highland, Pahang	Freehold	Condominium	646 sq ft	Vacant	20	01-Feb-91	31-Mar-16	150
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-16	170
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	10	30-Dec-04	31-Mar-16	480
Unit No C2-11, Block C, Skudaiville (Now Skudaivilla), Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,213 sq ft	Vacant	12	14-Jun-02	31-Mar-16	300
D-1-3, Block D, Megan Avenue 1, Jalan Tun Razak, 50400 Kuala Lumpur	Freehold	Office lot	1,287 sq ft	Vacant	21	21-Jun-14	31-Mar-16	750

Location	Tenure	Description	Area	Existing Use	Approx. Age of Building (No. of Years)	Date of Acquisition	Date of Revaluation	Revalued/ Net Book Value as at 31-03-2016 (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	13	27-Dec-97	31-Mar-16	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	18	21-Dec-04	31-Mar-16	40
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	Tenanted	8	21-Feb-00	31-Mar-16	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	16	17-Apr-03	31-Mar-16	100
Unit No. D-05-24, Level 5, Block D, Kompleks Suria Kinrara, Persiaran Kinrara Seksyen 3, Taman Kinrara Seksyen 3, 47100 Puchong, Selangor Darul Ehsan	Leasehold (expiring in 24.06.2101)	Service Condominium	712 sq ft	Vacant	7	07-Jun-12	31-Mar-16	210
Sub-total (value of properties held as investment properties)								15,095
Total (value of properties held as property, plant and equipment, and investment properties)								77,999

Statistical Report
as at 31 May 2016

ANALYSIS BY SIZE OF SHAREHOLDINGS

Authorised share capital	:	RM200,000,000.00
Issued and paid-up share capital	:	RM190,208,828.00
Class of shares	:	Ordinary shares of RM0.50 each
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	264	11.47	13,801	0.00
100 – 1,000	999	43.40	384,318	0.10
1,001 – 10,000	467	20.28	2,416,508	0.64
10,001 – 100,000	469	20.37	17,973,112	4.73
100,001 – less than 5% of issued shares	101	4.39	94,922,557	24.95
5% and above of issued shares	2	0.09	264,707,360	69.58
Total	2,302	100.00	380,417,656	100.00

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 31 MAY 2016

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

** Deemed interest by virtue of his substantial shareholdings in substantial shareholders under Section 6A of the Companies Act, 1965.*

SHARES IN RELATED CORPORATION AS AT 31 MAY 2016

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 2016 on page 25 of this Annual Report.

SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2016

	As at 31 May 2016			
	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 6A of the Act.*

THIRTY LARGEST SHAREHOLDERS AS AT 31 MAY 2016

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.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	14,852,200	3.90
4.	Tan Chee Kuan	8,271,000	2.17
5.	See Siew Chiet	7,639,900	2.01
6.	Au Cheen Hoe	7,000,000	1.84
7.	Toh Tuan Sun	5,712,100	1.50
8.	Lee Ching Kion	5,000,000	1.31
9.	Lim Aik Hoe	4,801,453	1.26
10.	Anugaris Sdn Bhd	3,660,092	0.96
11.	Tay Buan Tong	2,780,000	0.73
12.	Sin Cheak Seng Pottery Sdn Bhd	2,400,000	0.63
13.	Chuah Tong Chin	2,177,200	0.57
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San (8121282)	1,608,400	0.42
15.	Wong Wai Kuan	1,588,300	0.42
16.	Wong Yoon Seng	1,394,000	0.37
17.	Meridian Location Sdn Bhd	1,344,000	0.35
18.	Lim Seng Chee	1,241,000	0.33
19.	Chong Feng Tak @ Chong Wee Khean	1,120,000	0.30
20.	Tang Chee Fook	800,000	0.21
21.	Cheng Gen Min	748,900	0.20
22.	Lim Seng Qwee	655,800	0.17
23.	Maybank Nominees (Tempatan) Sdn Bhd Ng See Soon	651,580	0.17
24.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (a/c clients)	560,800	0.15
25.	Ng Tiow Min	559,200	0.15
26.	Liew Sin	520,960	0.14
27.	Tay Buan Tong	510,000	0.13
28.	Ang Geok Chin	500,240	0.13
29.	AME Construction Sdn Bhd	500,000	0.13
30.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chin Fun Yong (PB)	500,000	0.13

Proxy Form

AYS VENTURES BERHAD (925171-T)

*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 Fifth Annual General Meeting of the Company to be held on Friday, 15 July 2016 at 9.30 a.m. and at any adjournment thereof.

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

	Resolution	For*	Against*
Re-election of Toh Tuan Sun as Director	1		
Re-election of Tay Kim Chuan as Director	2		
Re-election of Oh Pooi Foon as Director	3		
Re-appointment of Haji Mohd. Sharif Bin Haji Yusof as Director	4		
Approval of payment of Directors' fees	5		
Re-appointment of Messrs. SJ Grant Thornton as Auditors	6		
Approval of the proposed Authority to issue shares pursuant to Section 132D of the Companies Act, 1965	7		

**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 2016

NUMBER OF SHARES HELD

....

[Signature/Common Seal of Shareholder(s)]

....

Contact Number

[*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 proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

3. *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.*

4. *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.*

5. *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 or alternatively, the Customer Services Centre at G-3, Ground Floor, Vertical Podium, 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.*

6. *Depositors who appear in the Record of Depositors as at 8 July 2016 shall be regarded as Member of the Company entitled to attend the Fifth 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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