

# 2014 Annual Report



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# 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.

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# 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.

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# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third 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 Tuesday, 22 July 2014 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 2014 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring in accordance with Article 101 of the Company's Articles of Association:

- (i) Seow Nyoke Yoong
- (ii) Mohamad Fazlin Bin Mohamad

**Resolution 1**  
**Resolution 2**

3. 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 3**

4. To approve the payment of Directors' fees not exceeding RM380,000 per annum.

**Resolution 4**

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

**Resolution 5**

### 6. SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

#### ORDINARY RESOLUTION

**Resolution 6**

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."

### By Order of the Board

**Leong Oi Wah** (MAICSA 7023802)  
Company Secretary

Klang  
30 June 2014

## 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 authorized 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 Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 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 16 July 2014 shall be regarded as Member of the Company entitled to attend the Third Annual General Meeting or appoint a proxy to attend and vote on his behalf.

## NOTES ON SPECIAL BUSINESS

### (i) Resolution No. 6

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 28 June 2013. The Company did not utilize 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.

# Corporate Information

## BOARD OF DIRECTORS

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

Oh Chiew Ho  
*Group Managing Director*

Oh Yung Sim  
*Executive Director*

Chang Chee Seng  
*Executive Director*

Seow Nyoke Yoong  
*Independent Non-Executive Director*

Mohamad Fazlin Bin Mohamad  
*Independent Non-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, Lorong Sungai Puloh  
(Jalan Haji Abdul Manan)  
42100 Klang  
Selangor Darul Ehsan  
Tel. No. : 03 - 3377 5597  
Fax No. : 03 - 3377 5500  
Website : [www.ays-group.com](http://www.ays-group.com)

## REGISTERED OFFICE

802, 8th Floor  
Block C, Kelana Square  
17, Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel. No. : 03 - 7803 1126  
Fax No. : 03 - 7806 2116

## PRINCIPAL BANKERS

AmBank (M) Berhad  
Bangkok Bank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
Maybank Islamic Berhad  
RHB Bank Berhad  
United Overseas Bank (M) Berhad

## AUDITORS

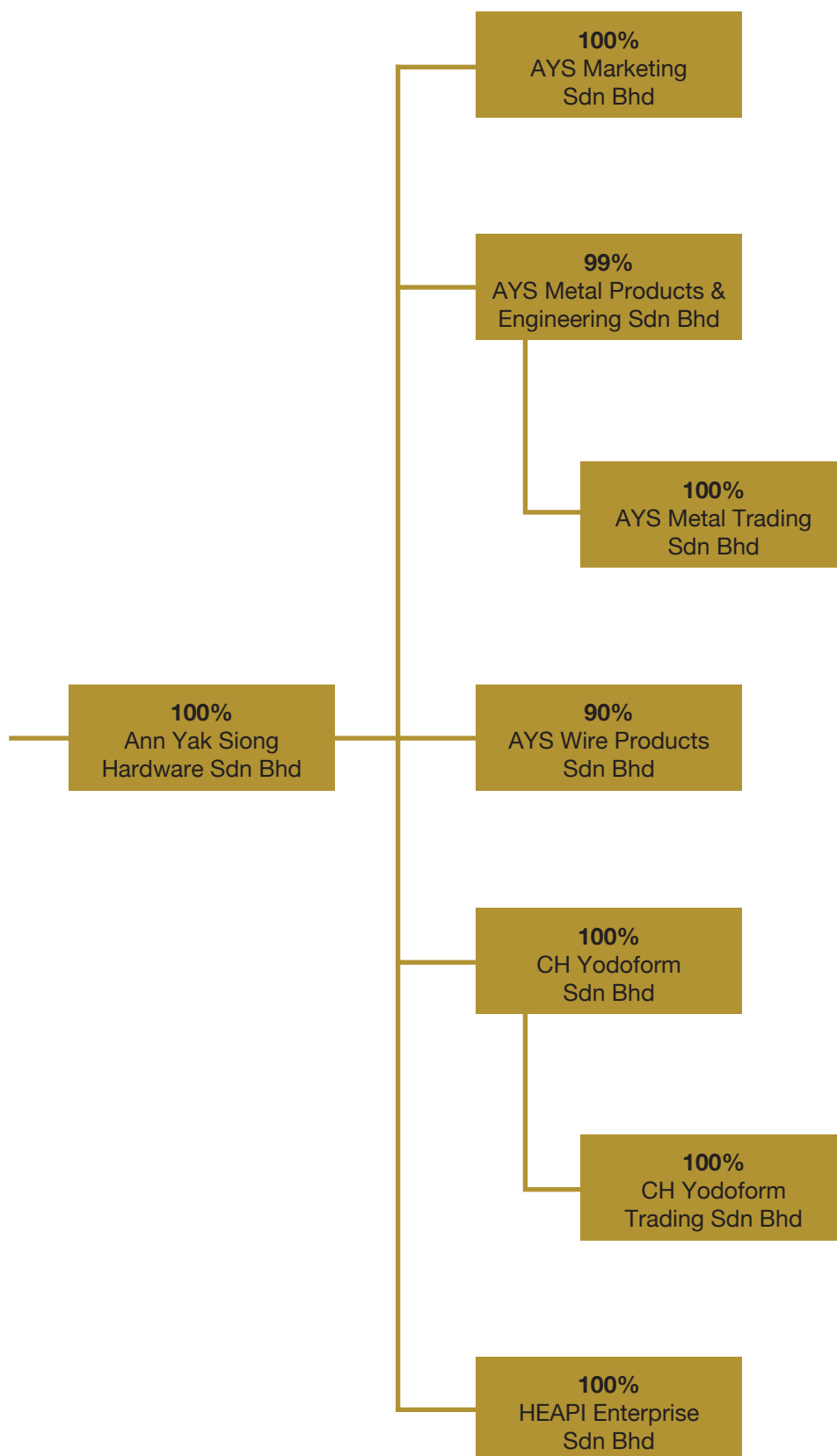
SJ Grant Thornton  
(Member of Grant Thornton International Ltd)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

## SHARE REGISTRAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel. No. : 03 - 2264 3883  
Fax No. : 03 - 2282 1886

## STOCK EXCHANGE LISTING

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



# Profile of the Board of Directors

**Haji Mohd. Sharif Bin Haji Yusof**, aged 75, a Malaysian, was appointed as an Independent Non- Executive Chairman of AYS Ventures Berhad on 17 November 2011. He is a fellow member of the Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

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

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

**Oh Chiew Ho**, aged 67, 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 71 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.

**Oh Yung Sim**, aged 40, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 17 November 2011. He graduated from University of Luton, UK in 2000 with a Bachelor of Degree in Commerce, majoring in Business Administration and Marketing.

He joined AYSH in 2000 as an Assistant to Group General Manager. He has been working on improving the productivity and efficiency of the AYS Group's operations especially in the areas of information technology and corporate development.

Mr Oh Yung Sim's shareholdings in the Company and its related companies is disclosed on page 71 of this Annual Report. 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 3 out of 4 of 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.





*From left to right: Mohamad Fazlin bin Mohamad, Haji Mohd. Sharif Bin Haji Yusof, Oh Chiew Ho, Seow Nyoke Yoong, Tay Kim Chuan, Oh Pooi Foon, Chang Chee Seng, Oh Yung Sim*

**Chang Chee Seng**, aged 63, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 17 November 2011. He has been the Group General Manager of the AYS Group since March 2007. He graduated from University of Westminster, London with a Bachelor of Engineering (First Class Honours) degree in Mechanical Engineering in 1976. In 1977, he graduated from the University of London with a Masters Degree in Management Science.

He started his career in 1977 with the MBF Holdings group of companies and subsequently joined TDM Bhd in the corporate planning field. In 1981, he joined the Lion Group and held various positions in the Lion Group including Materials Manager for Amsteel Corporation Berhad, Head of the cement marketing company, Simen Dagangan Sdn Bhd, General Manager of Bright Steel Sdn Bhd, a producer of cold finished steel bars and steel coil centre, Head of Commercial and Administration Division of Amsteel Mills Sdn Bhd, an Executive Director and Chief Executive Officer of Sabah Forest Industries Sdn Bhd, Sales Director of Amsteel Mills Sdn Bhd, Marketing Director of Megasteel Sdn Bhd and Managing Director of Lion Forest Industries Bhd. In 2005, he joined Malayawata Steel Bhd as an Executive Vice President and was an Executive Director until February 2007 whereupon he relinquished his portfolio in Malayawata Steel Bhd (now known as Ann Joo Steel Bhd) to join the AYS Group.

Mr Chang Chee Seng 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.

**Seow Nyoke Yoong**, aged 52, 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.

## Profile of the Board of Directors *cont'd*

**Mohamad Fazlin bin Mohamad**, aged 41, 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.

**Tay Kim Chuan**, aged 54, 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 34, a Malaysian, was appointed as an Executive Director of AYS Ventures Berhad on 1 December 2012. She graduated from Melbourne University, Australia in 2003 with a Bachelor of Physiotherapy.

Upon graduation in 2003, she worked in a hospital in Melbourne as physiotherapist before joining AYSH in 2005 as a Purchasing Executive. In 2009, she was promoted to the position of Procurement Director and is responsible for formulating and evaluating procurement strategies, developing and implementing procurement policies and procedures, analysing trends and market conditions including sourcing, negotiating and entering into contracts with local and overseas suppliers. In 2012, she was promoted to Operation Director and is responsible for the overall operations of AYSH.

Ms Oh Pooi Foon's shareholdings in the Company and its related companies is disclosed on page 71 of this Annual Report. 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

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of AYS Ventures Berhad ("AYS" or "the Group") for the financial year ended 31 March 2014.

## Performance Review

In the financial year 2014, the operational environment continued to be challenging for the steel sector whereby business was affected by the slowdown in some of the steel exporting nations as well as other developed countries. In addition to that, the monetary policy adjustments in other advanced economies that lead to the weakened Ringgit had also impacted the business sentiment further.

Despite the challenging external environment, AYS managed to register profit before tax ("PBT") of RM18.171 million for the financial year ended 31 March 2014 at the back of the Group's revenue of RM656.065 million as compared to the PBT of RM14.964 million for the financial year ended 31 March 2013 with Group's revenue of RM648.779 million.

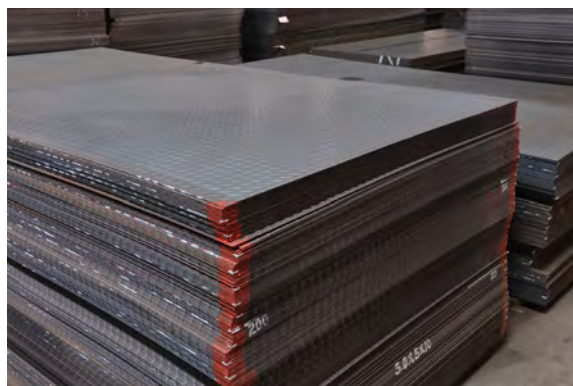
Trading division continues to be the key driver, its revenue increased by RM9.739 million or 1.65% to RM601.219 million for the financial year under review compared to RM591.480 million in the financial year 2013. The higher revenue was attributable to enhanced sales volume despite declined selling price due to keen competition and the sluggish global steel price. As for the manufacturing division, the revenue decreased by RM2.453 million or 4.28% to RM54.846 million for the financial year under review compared to RM57.299 million in the financial year 2013 mainly due to lower sales volume in its products.

PBT for the financial year 2014 registered an increase of RM3.207 million or 21.43% as compared to that of the financial year 2013. The higher PBT was due to the incorporation of the non-recurrence expenses on impairment of goodwill and transaction costs in relation to the listing exercise during the financial year 2013. Excluding these one-off expenses, the PBT in the financial year under review would register a decrease of RM4.953 million compared to the adjusted PBT of RM23.124 million in the financial year 2013. Lower profitability was a result of dampened steel prices and higher cost due to weakened exchange rates.

Basic earnings per share in the financial year 2014 enhanced to RM0.034 from that of RM0.026 in the previous financial year. The Group's financial position remains strong, with total equity attributable to equity holders as at 31 March 2014 increased to RM207.342 million from RM198.131 million in the previous financial year end.

## Outlook and Prospects

Series of major trade data release by government of developed and developing country indicate that the global economy is recovering at least moderately especially among the developed nations. However, due to a significant excess capacity in the steel sector globally, coupled with anticipated oversupply in the key raw material that feed the steel industry; the improved economy may not be able to resolve the excess capacity in the short term. Domestically the industry faced with further constraint of influx of import, hike in factors of production and low utilization rate.



The Malaysian economy is expected to progress with domestic demand continuing to be the key driver of growth and export sectors is expected to perform better. Private investment is forecasted to register growth driven by the ongoing intra-structure and construction, oil and gas and other fabrication projects as well as improvement in external demand.

As one of the key players in the downstream of the steel sub-sector, the Group expects market to remain challenging in view of the intense competition in the free market. The Group shall remain vigilant to market changes and will continue its efforts to improve revenue growth and strive for improvement in its services to customers, operational and productivity efficiencies in the coming financial year. Nevertheless, the Board is cautiously optimistic that the Group will remain profitable in the financial year 2015.



## Corporate Social Responsibility

As a caring and responsible corporate, AYS is committed to Corporate Social Responsibility ("CSR") activities towards its stakeholders. Whilst AYS has yet to formalize its CSR activities, we remain dedicated in embracing CSR. The Group participates and provides contributions to various charitable bodies, schools and non-profit organisations in support of their activities. AYS also treasures the contributions by its greatest asset i.e. employees and strives to constantly improve their welfare; various training, team-building, sports and recreational activities were arranged for employees throughout the year.

## Corporate Governance



AYS places utmost priority on maintaining the highest level of corporate governance in all operations across the Group, so as to instill confidence and trust amongst various stakeholders, as well as developing a conducive environment for long-term business sustainability.

The Board of Directors will continue to subscribe to best practices in corporate governance as advocated by the Malaysian Code on Corporate Governance 2012 to strengthen our organisation.

## Corporate Development

In order to comply with the Bumiputera Equity Condition, AYS has on 22 May 2013 announced to undertake a special issue of up to 54,345,380 new ordinary shares of RM0.50 each in the Company ("AYS Shares") ("Special Issue Shares"), representing approximately 12.5% of the enlarged issued and

paid-up share capital of the Company, to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry ("MITI") at an issue price to be determined later after obtaining all relevant approvals ("Proposed Special Issue").

On 19 June 2013 and 17 July 2013, both the Securities Commission Malaysia ("SC") and MITI had approved the Proposed Special Issue. The SC had also approved the extension of time of up to 22 May 2014 to comply with the Bumiputera Equity Condition.

On 8 May 2014, AYS has submitted the application to the SC to seek a further extension of time for the compliance with the Bumiputera Equity Condition and the SC had, via its letter dated 19 May 2014 approved the extension of time of up to 30 September 2014 to comply with the Bumiputera Equity Condition.

## Shareholders' Value

AYS has paid a first single tier interim dividend of 1 sen per share in respect of the financial year ended 31 March 2014 amounting to RM3.804 million on 26 February 2014.

After taking into account the financial reserves and to uphold a healthy capital base for future profitability, the Board of Directors does not recommend any final dividend in respect of the financial year ended 31 March 2014. However the Board is committed to reward shareholders by forging towards delivery of a better performance in the coming year.

## Appreciation

To my fellow directors, I would like to thank them for their invaluable contribution, advice, support and continued commitment in driving the Group forward.

On behalf of the Board, I would like to express my sincere appreciation to our shareholders, the management and staff, our valued customers, vendors and all our stakeholders as well as business partners for their loyalty, perseverance, dedication and trust towards the Group. Together with the management and staff, we will continue to give our full commitment and strive for better performance in this challenging economic environment.

**Haji Mohd. Sharif Bin Haji Yusof**

Independent Non-Executive Chairman  
June 2014



Financial year 2014 was a challenging year whereby AYS Ventures Berhad (“AYS” or “the Group”) registered revenue of RM656.065 million with profit before tax (“PBT”) of RM18.171 million as compared to revenue and PBT of RM648.779 million and RM14.964 million respectively in the financial year 2013.

AYS’s PBT of RM18.171 million was derived at after incorporating forex losses amounting to RM1.111 million as a result of the weakened MYR mainly attributable to the importation of steel material by the subsidiaries. The coming into force of the mandatory standards on imported steel materials during the financial year such as the enforcement of certificate of approval (“COA”) measures further added cost to the lean margin in the industries with no exception to the Group.

With a number of key infrastructure projects being delivered under the Economic Transformation Programme (ETP), The Tenth Malaysian Plan and the real estate market still remaining fairly buoyant, the construction sector in Malaysia is enjoying a relatively busy economic cycle. Development in the oil and gas industry, Iskandar Malaysia and the mass-transit-system in Kuala Lumpur, to name just a few projects, are expected to have both immediate and indirect impact on demand for industrial, commercial and residential buildings. In addition to that, some construction firms are increasingly seeking overseas contracts in the Middle East, Russia and the growing ASEAN region. These activities in the key industrial and construction sectors contributed positively to the business activities of the Group.



## The Operations of the AYS’s Subsidiaries

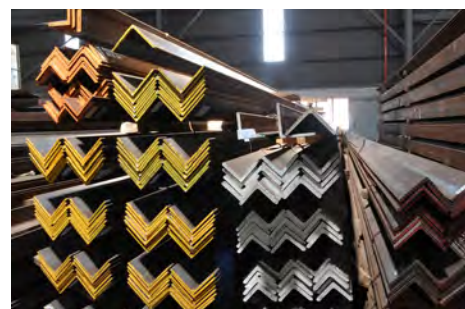
The activities and product range that the subsidiary companies are involved in can be broadly classified into two divisions namely Trading and Manufacturing.

### Trading Division

Ann Yak Siong Hardware Sdn. Bhd. (“AYSH”) is a stockist and distributor of various engineering steel materials supplying to the various key industrial and construction sectors, namely construction, oil & gas, power plant, infrastructure, engineering for heavy steel industries, shipbuilding and etc. Despite the challenges in global steel market mainly due to the oversupply situation from China steel mills that led to sluggish steel prices, high raw material costs and rampant dumping activities, the domestic demand stayed resilient strong in first half financial year 2014, leading to AYSH having achieved revenue of RM275.139 million. However, the pace of construction development in some of the key sectors was curtailed that lead to domestic demand dampened from third quarter of the financial year 2014 resulted in revenue decreased to RM229.783 million in the second half of financial year 2014.

Another major trading unit in AYS Marketing Sdn Bhd (“AYSM”), the business activity covers the distribution of building materials for the domestic construction market. Due to ease of entry, the number of distributors has mushroomed over the years and this sector has now become very competitive with extended credit terms in favor of the end buyers.

As a result of the competitiveness of this industry, AYSM managed to return with a total revenue of RM79.110 million, reflecting a drop of 28.45% from the preceding financial year. The loss before tax of RM0.515 million for the financial year 2014 (decreased from PBT of RM2.150 million in the preceding financial year) was derived at after allowance for impairment losses on specific trade receivables totalling RM1.56 million.



## Manufacturing Division

Our manufacturing division is made up of CH Yodoform Sdn. Bhd. that produces galvanized steel purlins used in the erection of building roofs, AYS Wire Products Sdn. Bhd. produces steel wire and bars used in the packaging and building industries and also AYS Metal Products & Engineering Sdn. Bhd. that manufactures panels and components for pressed steel tanks and FRP tanks for water storage purpose.

Total revenue from this division for the financial year under review was RM54.846 million reflecting a drop from RM57.299 million in the preceding financial year. The profit before tax increased to RM6.140 million from that of RM3.656 million in the preceding financial year. Despite the lower revenue of the manufacturing division, 20.62% of its revenue was derived from the export market.



## Prospects and Vision

Financial year 2015 remains to be a challenging year across the Malaysia's steel sector. While there are signs that the demand outlook is improving, the global steel industry has shown sign of improvement and The World Steel Association has in its short range outlook forecast that global apparent steel use will increase by 3.1% in 2014 following growth of 3.6% in 2013 despite some uncertainty with regard to the restructuring and consolidation in the Chinese market where a hand-full of large Chinese steel players may emerge, leading to the intensifying of global competition.

AYS will continue its efforts to improve revenue growth and strive for improvement in operational and productivity efficiencies in the challenging environment.

AYS's Vision and Mission Statements have aligned our growth agenda and strategies as they ensure focus on the two core areas of sourcing and providing quality products and services to the customers and secondly, expanding our product range and value-added activities to the marketplace.

In order to achieve our aspiration in becoming a recognized leader in the steel distribution sector, our strategic direction moves in two-pronged: firstly, in identifying and sourcing new and innovative steel and building material products from around the world, and secondly, in the increase in capacity in the selected production lines to increase sales in the coming financial year besides implementing a more stringent internal control mitigate impairment losses on trade receivables.

## Appreciation

We continued to build on our successes and experience along the way though we got through the past year albeit with some minor drawbacks. On behalf of the AYS Group Management I would like to express my most sincere gratitude to our Chairman, Tuan Haji Mohd. Sharif bin Haji Yusof for his visionary leadership, guidance and support extended to the management. My appreciation also goes to our board of Directors who have provided strong guidance and encouragement. Also to the Executive Directors and/or General Managers of the subsidiary companies for their contribution and leadership in bringing about the successes and profits for the companies under their supervision.

I also would like to thank all our customers, financial institutions and the regulatory bodies including Bursa Malaysia for their support and confidence in AYS.

Lastly, I would like to express my most sincere gratitude to all our staff who have made sacrifices and contributions to the AYS Group of Companies.

**Oh Chiew Ho**

Group Managing Director

June 2014

## Group Financial Highlights for the Financial Year Ended 31 March

RM'000	2014	2013
Revenue	656,065	648,779
Profit Before Tax	18,171	14,964
Profit After Tax	13,035	9,567
Profit Attributable To Owners Of The Company	12,970	9,551
Total Equity Attributable To Owners Of The Company	207,342	198,131
Net Assets Per Share (sen)	0.55	0.53
Earnings Per Share (sen)	3.41	2.58
Net Dividend	3,804	3,804
Dividend Per Share (sen)	1.00	1.00



# Corporate Social Responsibility

AYS Ventures Berhad and its subsidiaries ("the Group") regards Corporate Social Responsibility ("CSR") as an integral part of business continuity and thus despite a challenging year, the Group continues to ensure its CSR is being fulfilled to the best of its abilities, from contributing to the welfare of employees to society at large.

## Environment

The Group always demonstrates its responsibility towards the environment, apart from conserving energy and resources, preference to trade in recyclable products, the Group also takes positive measures to reduce the environmental impact of emissions and waste material although the Group's manufacturing wastes are relatively minor and easily eliminate such wastes in an orderly manner, in accordance with applicable guidelines.

## Marketplace

The Group is committed to ensure that the interests of all our stakeholders are not being neglected. The Group emphasizes on good corporate governance practices to meet shareholders' expectations. The management team and staff in the Group are committed to maintain the highest standards of propriety, integrity and conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements. The Group is committed to supply quality products and meeting customers' satisfactions through continual improvement in technology, process and services.

In line with the Group's policy of promoting transparency to stakeholders, interaction with stakeholders via investor relations initiative and other communications in the timely dissemination of information is being conducted in an accurate and timely manner.

## Welfare of Staff

The Group believes that employees' proactive participations are vital to the success of the Group. The Group strives to motivate and retain the best employees by providing activities such as in-house training programs, external training programs as well as team building excursions to upgrade their knowledge and skills within their job scope. At the same time, the Group believes that good relationships can be fostered through sports and other activities. Sports activities are being organised for healthy lifestyle and at the same time promote teamwork spirit among employees. The Group also provides other benefits such as group hospitalisation and surgical insurance coverage and group personal accident insurance on top of the statutory SOCSO contribution for employees to mitigate medical and accidental contingencies of the employees.

As a responsible employer, the Group recognizes and accepts its responsibilities to provide a safe and healthy workplace for all its employees and visitors. Work place safety and security initiatives such as fire and evacuation drills, safety tips and training on proper usage of safety equipment have been provided to the employees to ensure a protected working environment.



## Community

As a responsible corporate citizen, the Group always engages with local charitable organizations and schools. The Group will strive to seek meaningful contributions to the less privileged with the simple hope and belief for a better quality of life as a contribution to the society.





# 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 2014.

## 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, four (4) Executive Directors 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 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 recognized 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 their 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 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.

## Board Meetings

There were four (4) Board of Directors' Meetings held during the financial year ended 31 March 2014. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows:-

DIRECTORS	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Haji Mohd Sharif Bin Haji Yusof	4/4	100
Seow Nyoke Yoong	4/4	100
Mohamad Fazlin Bin Mohamad	4/4	100
Oh Chiew Ho	4/4	100
Oh Yung Sim	3/4	75
Chang Chee Seng	4/4	100
Tay Kim Chuan	4/4	100
Oh Pooi Foon	4/4	100

The Board meets at least four 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

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

The Committee is generally responsible to:-

- Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.
- 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.
- Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- 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.
- 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.
- 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 Board 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 Nomination Committee met once during the financial year ended 31 March 2014.

## 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 a visit to the manufacturing plant was included as part of the induction programme for the Directors. The Board was briefed by Management on the operations and policies of the Company to familiarize themselves with the Company's business. A number of Directors also attended external training courses and programmes.

## Directors' Remuneration

For the financial year ended 31 March 2014, the Remuneration Committee 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 2014 to review the remuneration package of the Executive Directors and the annual bonuses and increments. The Remuneration Committee also discussed on the remuneration of the Non-Executive Directors.

Details of Directors' remuneration for the financial year ended 31 March 2014 are set out as below:

GROUP	FEES (RM'000)	SALARIES (RM'000)	BONUS AND ALLOWANCES (RM'000)	STATUTORY CONTRIBUTION (RM'000)	BENEFIT-IN-KIND (RM'000)	TOTAL (RM'000)
Executive Directors	180	3,113	1,890	953	185	6,321
Non-Executive Directors	152	-	6	-	-	158

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

	No. OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000		1
RM50,001 - RM100,000		2
RM550,001 - RM600,000	1	
RM600,001 - RM650,000	2	
RM700,001 - RM750,000	1	
RM3,700,000 - RM3,750,000	1	
	5	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](http://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 2014, 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
Mohamad Fazlin bin Mohamad	Member, Independent Non-Executive Director
Seow Nyoke Yoong	Member, Independent Non-Executive Director

## AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 March 2014, 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 shall 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, his evaluation of the system of internal controls;
  - (c) with the external auditors, his 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 and unusual events; 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 2014, the Audit Committee, in discharging its functions and duties, carried out the following activities:-

- ❖ Review of the quarterly reports of the Group prior to submission to the Board of Directors for consideration and approval;
- ❖ Reviewed and approved the Audit Planning Memorandum;
- ❖ Reviewed and discussed the Internal Audit Report;
- ❖ Reviewed and discussed on the Enterprise Risk Management Report;
- ❖ Recommended the re-appointment of external auditors and the payment of audit fees;
- ❖ Reviewed the performance of the Group.

## 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 approved Internal Audit Plan for the year 2014/2015 was approved and the four main areas identified for review encompassed the following:

- (i) Related Party Transactions & Corporate Social Responsibility;
- (ii) Property, Plant and Equipment & Insurance;
- (iii) Bank Borrowings; and
- (iv) Inventories valuation.

During the financial year ended 31 March 2014, an amount of RM154,370 was incurred in respect of the Group's internal audit function.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets. The Board of Directors 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 Guidance for Directors of Listed Issuers on the Statement on Risk Management and Internal Control.

## RESPONSIBILITY OF THE BOARD

The Board of Directors ("Board") is responsible for the adequacy 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 policies and business objectives will be achieved. The Board continually reviews the 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 Group Financial Controller 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 2014 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 strengthen 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 2014.

## 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 2014.

- 1) Penalty of RM5,000 imposed by Jabatan Kastam Diraja Malaysia in respect of the non-submission of documentation on the storage of tax-exempted steel products at the sub-contractors' premises by a subsidiary company; and
- 2) Penalty of RM600 imposed by Jabatan Bomba Dan Penyelamat Malaysia in respect of obstruction of fire hydrants 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 2014 is RM810.00.

## 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.



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# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

## 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	13,035	6,079
Attributable to:		
Owners of the company	12,970	6,079
Non-controlling interests	65	-
	13,035	6,079

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM'000
A first single tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 March 2014 paid on 26 February 2014	3,804

The Directors do not recommend final dividend for the financial year ended 31 March 2014.

## 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  
Chang Chee Seng  
Seow Nyoke Yoong  
Mohamad Fazlin Bin Mohamad  
Tay Kim Chuan  
Oh Pooi Foon

## 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 2013	BOUGHT SOLD	AT 31 MARCH 2014
<b>Indirect interests</b>			
Oh Chiew Ho <sup>#</sup>	264,707,360	-	- 264,707,360
<b>Interest in the holding company (Chiew Ho Holding Sdn. Bhd)</b>			
<b>Direct interest</b>			
Oh Chiew Ho	51	-	- 51
Oh Yung Sim	10	-	- 10
Oh Pooi Foon	10	-	- 10

<sup>#</sup> 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 30 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 was no issuance of new shares and debentures 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:-

- 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
- 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:

- which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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
- 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  
6 June 2014

# Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 30 to 67 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out on page 68 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  
6 June 2014

# Statutory Declaration

I, Low Wai Han, being the Officer primarily responsible for the financial management of AYS Ventures Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 30 to 67 and the supplementary information set out on page 68 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 )  
6 June 2014 ) .....  
LOW WAI HAN

Before me:

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 2014 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 67.

### *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 2014 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 68 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

LIAN TIAN KWEE  
(NO: 2943/05/15(J))  
CHARTERED ACCOUNTANT

Kuala Lumpur  
6 June 2014

# Statements of Financial Position as at 31 March 2014

		GROUP		COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	72,756	74,279	-	-
Investment properties	5	10,845	9,415	-	-
Investment in subsidiaries	6	-	-	160,000	160,000
Other investments	7	104	5	-	-
Total non-current assets		83,705	83,699	160,000	160,000
<b>Current assets</b>					
Inventories	8	172,255	143,906	-	-
Trade receivables	9	139,066	165,013	-	-
Other receivables	10	15,278	8,034	147	20
Amount due from a subsidiary	11	-	-	32,699	30,745
Tax recoverable		534	1,145	-	-
Derivative financial instruments	12	-	205	-	-
Fixed deposits with licensed banks	13	34,407	32,766	-	-
Cash and bank balances		17,485	24,803	7	15
Total current assets		379,025	375,872	32,853	30,780
<b>Total assets</b>		<b>462,730</b>	<b>459,571</b>	<b>192,853</b>	<b>190,780</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Equity attributable to owners of the Parent					
Share capital	14	190,209	190,209	190,209	190,209
Retained earnings	15	156,965	147,799	2,467	192
Fair value adjustment reserve	16	45	-	-	-
Revaluation reserve	17	9,718	9,718	-	-
Capital reserve	18	3,595	3,595	-	-
Merger deficit	19	(153,190)	(153,190)	-	-
		207,342	198,131	192,676	190,401
Non-controlling interest		808	743	-	-
<b>Total Equity</b>		<b>208,150</b>	<b>198,874</b>	<b>192,676</b>	<b>190,401</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	20	2,179	2,259	-	-
Finance lease liabilities	21	2,179	2,663	-	-
Bank borrowings	22	2,513	2,713	-	-
Total non-current liabilities		6,871	7,635	-	-
<b>Current liabilities</b>					
Trade payables	23	24,236	25,418	-	-
Other payables	24	7,104	8,337	177	379
Finance lease liabilities	21	1,371	1,330	-	-
Bank borrowings	22	213,813	216,912	-	-
Provision for taxation		935	1,065	-	-
Derivative financial instruments	12	250	-	-	-
Total current liabilities		247,709	253,062	177	379
<b>Total liabilities</b>		<b>254,580</b>	<b>260,697</b>	<b>177</b>	<b>379</b>
<b>Total equity and liabilities</b>		<b>462,730</b>	<b>459,571</b>	<b>192,853</b>	<b>190,780</b>

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 2014

		GROUP		COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	25	656,065	648,779	6,600	14,902
Cost of sales		(593,834)	(591,105)	-	-
Gross profit		62,231	57,674	6,600	14,902
Other income		5,367	8,057	-	17
Selling and distribution expenses		(9,678)	(8,434)	-	-
Administration expenses		(21,857)	(20,172)	(517)	(527)
Other expenses		(7,921)	(13,694)	-	(10,370)
Finance costs		(9,971)	(8,467)	-	-
Profit before tax	26	18,171	14,964	6,083	4,022
Tax expense	27	(5,136)	(5,397)	(4)	-
Profit for the financial year		13,035	9,567	6,079	4,022
<b>Other comprehensive income</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Revaluation of land and building		-	9,718	-	-
<i>Item that will be reclassified subsequently to profit or loss</i>					
Gain on fair value of available-for-sale financial assets		45	-	-	-
Other comprehensive income for the financial year		45	9,718	-	-
Total comprehensive income for the financial year		13,080	19,285	6,079	4,022
Profit for the financial year attributable to:					
Owners of the company		12,970	9,551	6,079	4,022
Non-controlling interest		65	16	-	-
		13,035	9,567	6,079	4,022
Total comprehensive income attributable to:					
Owners of the company		13,015	19,269	6,079	4,022
Non-controlling interest		65	16	-	-
		13,080	19,285	6,079	4,022
<b>Earnings per share</b>	28				
Basic earnings per ordinary share attributable to owners of the parent (RM)		0.03	0.03		

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

# Statements of Changes in Equity for the financial year ended 31 March 2014

Group	ATTRIBUTABLE TO OWNERS OF PARENT									
	NON-DISTRIBUTABLE					DISTRIBUTABLE		Non-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000	
	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
Balance at 1 April 2012	-	-	-	-	-	(26)	(26)	-	(26)	
Profit for the financial year	-	-	-	-	-	9,551	9,551	16	9,567	
Other comprehensive income for the financial year	-	-	-	-	9,718	-	9,718	-	9,718	
Total comprehensive income for the financial year	-	-	-	-	9,718	9,551	19,269	16	19,285	
<b>Transaction with owners:</b>										
Dividend to owners of the Company	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)	
Issuance of shares (Note 14)	190,209	-	-	-	-	-	190,209	-	190,209	
Effects on merger of subsidiaries	-	3,595	(153,190)	-	-	142,078	(7,517)	727	(6,790)	
Balance at 31 March 2013	190,209	3,595	(153,190)	-	9,718	147,799	198,131	743	198,874	
Profit for the financial year	-	-	-	-	-	12,970	12,970	65	13,035	
Other comprehensive income for the financial year	-	-	-	45	-	-	45	-	45	
Total comprehensive income for the financial year	-	-	-	45	-	12,970	13,015	65	13,080	
<b>Transaction with owners:</b>										
Dividend to owners of the Company	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)	
Balance at 31 March 2014	190,209	3,595	(153,190)	45	9,718	156,965	207,342	808	208,150	
<b>Company</b>										
Balance at 1 April 2012	-	-	-	-	-	(26)	(26)	-	(26)	
Total comprehensive income for the financial year	-	-	-	-	-	4,022	4,022	-	4,022	
<b>Transaction with owners:</b>										
Dividend to owners of the Company	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)	
Issuance of shares (Note 14)	190,209	-	-	-	-	-	190,209	-	190,209	
Balance at 31 March 2013	190,209	-	-	-	-	192	190,401	-	190,401	
Total comprehensive income for the financial year	-	-	-	-	-	6,079	6,079	-	6,079	
<b>Transaction with owner:</b>										
Dividend to owners of the Company	-	-	-	-	-	(3,804)	(3,804)	-	(3,804)	
Balance at 31 March 2014	190,209	-	-	-	-	2,467	192,676	-	192,676	

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

# Statements of Cash Flows for the financial year ended 31 March 2014

		GROUP		COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		18,171	14,964	6,083	4,022
<b>Adjustments for:-</b>					
(Gain)/Loss on disposal of subsidiary		-	(1)	-	7,934
Depreciation of property, plant and equipment		3,112	2,659	-	-
Amortisation of investment properties		-	8	-	-
Impairment loss on trade receivables		3,790	795	-	-
Interest expenses		9,971	8,467	-	-
Property, plant and equipment written off		-	23	-	-
Unrealised gain on foreign exchange		(116)	(82)	-	-
Gain on disposal of property, plant and equipment		(396)	(281)	-	-
Gain on disposal of investment property		(70)	(792)	-	-
Gain on disposal of non current assets held for sale		-	(1,093)	-	-
Gain on fair value adjustments on investment properties		(925)	(1,228)	-	-
Impairment loss on goodwill		-	5,803	-	-
Interest income		(1,530)	(2,323)	-	(17)
Bad debts written off		3	457	-	-
Inventories written down		33	39	-	-
Impairment loss for doubtful debts no longer required		(674)	(226)	-	-
Operating profit before working capital changes		31,369	27,189	6,083	11,939
Changes in working capital:-					
Inventories		(28,383)	(14,970)	-	-
Receivables		15,797	(28,969)	(127)	1,479
Payables		(2,441)	(28,222)	(202)	(18,745)
Subsidiaries		-	-	(1,954)	(1,146)
Cash from/(used in) operations		16,342	(44,972)	3,800	(6,473)
Tax paid		(5,625)	(4,931)	(4)	-
Tax refund		889	-	-	-
Net cash from/(used in) operating activities		11,606	(49,903)	3,796	(6,473)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	A	(582)	(3,609)	-	-
Purchase of investment property		(805)	(337)	-	-
Effect on acquisition of subsidiary		-	3,095	-	-
Effect on disposal of subsidiary		-	13	-	-
Proceeds from disposal of investment property		370	1,672	-	-
Proceeds from disposal of property, plant and equipment		508	300	-	-
Proceeds from disposal of non current assets held-for-sale		-	1,718	-	-
Proceeds from disposal of subsidiary		-	-	-	1,275
Interest received		1,530	2,323	-	17
Net cash from investing activities		1,021	5,175	-	1,292

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

# Statements of Cash Flows for the financial year ended 31 March 2014 *cont'd*

NOTE	GROUP		COMPANY		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Interest paid	(9,971)	(8,467)	-	-	
Dividend paid	(3,804)	(3,804)	(3,804)	(3,804)	
Proceeds from issuance of shares	-	9,000	-	9,000	
Fixed deposits placed with licensed banks	359	11,232	-	-	
Net proceeds from borrowings	(1,328)	61,429	-	-	
Repayment of finance lease liabilities	(1,563)	(1,366)	-	-	
Repayment of term loan	(400)	(288)	-	-	
Net cash (used in)/from financing activities	(16,707)	67,736	(3,804)	5,196	
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes	(4,080)	23,008	(8)	15	
At beginning of financial year	22,938	-	15	-	
Effect on foreign exchange rate	6	(70)	-	-	
At end of financial year	<b>B</b>	18,864	22,938	7	15

## 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 RM1,700,865 (2013: RM5,480,571) of which RM1,119,300 (2013: RM1,871,665) were acquired by means of finance lease. Cash payments of RM581,565 (2013: RM3,608,906) 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:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	17,485	24,803	7	15
Fixed deposits with licensed banks	34,407	32,766	-	-
Less: Bank overdrafts	(621)	(1,865)	-	-
	51,271	55,704	7	15
Less: Fixed deposits pledged	(32,407)	(32,766)	-	-
	18,864	22,938	7	15

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 6 June 2014.

## 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.

### 2.3 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. BASIS OF PREPARATION *cont'd*

### 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 2013.

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 12 Disclosure of Interests in Other Entities

MFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of MFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

The nature and the impact of the other new standards and amendments to standards which are prospectively applicable to the Group are described below:

#### MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 April 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS 13. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

#### Amendments to MFRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The Group and the Company adopted amendments to MFRS 101 on 1 July 2012. The amendment to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified or recycled to profit or loss at a future point in time (e.g. gain or loss on available-for-sale financial assets) have to be presented separately from items that will not be reclassified or recycled to profit or loss at a future point in time (e.g. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

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 Company:

#### Amendments to MFRS and Interpretation effective 1 January 2014:

MFRS 10	Consolidated Financial Statements: Investment Entities
MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
MFRS 127	Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Financial Instrument: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Leases

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

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

#### Amendments to MFRS and Interpretation effective 1 January 2014: *cont'd*

On 14 February 2014, the MASB had decided to defer the following standard to a date to be announced:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 21 is not applicable to the Group's operations.

MFRS 10 and IC Interpretation 21 are not applicable to 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 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity's own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

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

### 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.

##### Revaluation of property, plant and equipment

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

The carrying 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.

##### Useful lives of depreciable assets

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 2014, 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.

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

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

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

##### Income taxes

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.

##### Deferred tax assets

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.

##### Impairment of receivables

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 Company'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 Company's profit for the 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 8 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 account 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.

##### 3.1.2 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 owners' 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.

##### 3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. 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.

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.

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

### 3.1 Consolidation *cont'd*

#### 3.1.3 Business combinations and goodwill *cont'd*

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.

#### 3.1.4 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.

### 3.2 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.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the RM (the Group's presentation currency) are translated into RM upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into RM at the closing rate at end of each reporting period. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into RM at the closing rate.

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

#### 3.3 Tax Expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that 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.

#### 3.4 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 measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. 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.

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

### 3.4 Property, Plant and Equipment and Depreciation *cont'd*

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.

### 3.5 Investment Properties

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

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct 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 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

#### 3.7 Financial Instruments

##### 3.7.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group and 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.

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 carried the loans and receivables and available-for-sale financial assets on its 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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.7 Financial Instruments *cont'd*

#### 3.7.2 Financial Assets – categorisation and subsequent measurement *cont'd*

##### Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include listed securities and the equity instruments.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss. Dividends on an available-for-sale equity are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

#### 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 carried only other financial liabilities on its 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 and 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 and 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 on 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 Revenue Recognition

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

##### 3.11.1 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.

##### 3.11.2 Interest Income

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

##### 3.11.3 Rental Income

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

#### 3.12 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.

##### 3.12.1 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.

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. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 3.13 Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on 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.

### 3.14 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 liabilities 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 owners of the parent are recorded separately within equity.

### 3.15 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 are incurred.

### 3.16 Employee Benefits

#### 3.16.1 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.

#### 3.16.2 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").

### 3.17 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.

### 3.18 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, they will then be recognised as a provision.



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

#### 3.19 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; or
- (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.

#### 3.20 Common Control Business Combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before or after the business combination, and that control is not transitory.

The acquisition resulted in a business involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end 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 that which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	At Valuation		At Cost		Total RM'000
	Freehold Land RM'000	Factory and Buildings RM'000	Machinery and Equipment RM'000	Motor vehicles and Others RM'000	
Cost or valuation					
At 1 April 2012	30,198	27,015	10,524	11,685	79,422
Additions	50	420	3,133	1,878	5,481
Revaluation	9,650	584	-	-	10,234
Disposals	-	-	-	(826)	(826)
Written off	-	-	-	(31)	(31)
Transfer from accumulated depreciation on revaluation	-	(1,786)	-	-	(1,786)
At 31 March 2013	39,898	26,233	13,657	12,706	92,494
Additions	214	-	59	1,428	1,701
Disposals	-	-	-	(1,321)	(1,321)
At 31 March 2014	40,112	26,233	13,716	12,813	92,874
Accumulated depreciation					
At 1 April 2012	-	2,924	8,893	6,340	18,157
Charge for the financial year	-	443	542	1,674	2,659
Disposals	-	-	-	(807)	(807)
Written off	-	-	-	(8)	(8)
Transfer to valuation on revaluation	-	(1,786)	-	-	(1,786)
At 31 March 2013	-	1,581	9,435	7,199	18,215
Charge for the financial year	-	571	753	1,788	3,112
Disposals	-	-	-	(1,209)	(1,209)
At 31 March 2014	-	2,152	10,188	7,778	20,118
Net carrying amount					
At 31 March 2013	39,898	24,652	4,222	5,507	74,279
At 31 March 2014	40,112	24,081	3,528	5,035	72,756

GROUP  
2014  
RM'000

2013  
RM'000

### Details of assets under finance lease arrangements

#### Motor vehicles

- additions during the financial year	1,344	1,271
- net carrying amount at financial year end	2,830	3,102

#### Machinery and equipment

- additions during the financial year	-	665
- net carrying amount at financial year end	1,328	1,681

#### 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 CB Richard Ellis (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 RM23,560,016 (2013: RM23,657,709).

- (b) The net carrying value of property, plant and equipment of the Group amounted to RM67,153,000 (2013: RM74,279,000) are pledged as securities for bank facilities granted to the Group as disclosed in Note 22 to the financial statement.

#### 5. INVESTMENT PROPERTIES

Group	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	TOTAL RM'000
<b>Fair Value</b>				
At 1 April 2012	5,895	917	2,274	9,086
Change in fair value recognised in profit or loss	800	-	428	1,228
Additions	-	-	337	337
Disposals	-	(917)	-	(917)
Transfer from accumulated depreciation on fair value	-	-	(319)	(319)
At 31 March 2013	6,695	-	2,720	9,415
Change in fair value recognised in profit or loss	825	-	100	925
Additions	805	-	-	805
Disposals	-	-	(300)	(300)
At 31 March 2014	8,325	-	2,520	10,845
<b>Accumulated Amortisation</b>				
At 1 April 2012	-	29	319	348
Amortise for the financial year	-	8	-	8
Disposals	-	(37)	-	(37)
Transfer to fair value	-	-	(319)	(319)
At 31 March 2013/ 31 March 2014	-	-	-	-
<b>Fair Value</b>				
At 31 March 2013	6,695	-	2,720	9,415
At 31 March 2014	8,325	-	2,520	10,845

## 5. INVESTMENT PROPERTIES *cont'd*

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 2014 by CB Richard Ellis (Malaysia) Sdn. Bhd., an independent professional valuer.

The sales comparison method was adopted in arriving at the market value of the buildings and freehold land.

The freehold and leasehold land, and buildings at valuation are categorised at Level 2 fair value.

### Level 2 Fair Value

Level 2 fair value of freehold and leasehold land, 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 buildings and freehold land of the Group been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM9,479,450 (2013: RM8,804,477).

- (b) The net carrying amount of investment properties pledged as securities for the banking facilities granted to the Group are as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
Land and buildings	9,800	9,415

- (c) The title deed of buildings of the Group with the fair value of RM300,000 (2013: RM610,000) is yet to be issued by the relevant authorities.

## 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2014 RM'000	2013 RM'000
Unquoted shares at cost	160,000	160,000

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

	EFFECTIVE INTEREST (%)		
	2014	2013	PRINCIPAL ACTIVITY
<b>Subsidiary</b>			
Ann Yak Siong Hardware Sdn. Bhd.	100	100	Trading and marketing of steel products
<b>Indirect Subsidiaries</b>			
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.

## 7. OTHER INVESTMENTS

	GROUP	
	2014	2013
	RM'000	RM'000
<b>Available-for-sale financial assets</b>		
Share quoted in Malaysia		
At 1 April	5	5
Additions	54	-
Fair value adjustment	45	-
	99	-
At 31 March	104	5
Market value	104	5

## 8. INVENTORIES

	GROUP	
	2014	2013
	RM'000	RM'000
Raw materials	4,409	2,094
Work-in-progress	2,509	1,716
Finished goods	165,337	140,096
At carrying amount	172,255	143,906
<b>Recognised in profit and loss:</b>		
Inventories recognised as cost of sales	582,508	574,532
Inventories written down	33	39

## 9. TRADE RECEIVABLES

	GROUP	
	2014	2013
	RM'000	RM'000
Trade receivables	144,462	167,309
Less: Allowance for impairment losses	(5,396)	(2,296)
Net trade receivables	139,066	165,013

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

	GROUP	
	2014	2013
	RM'000	RM'000
At beginning of financial year	2,296	-
Merger of subsidiaries	-	15,975
Recognised	3,790	795
Written off	(16)	(14,248)
Reversed	(674)	(226)
At end of financial year	5,396	2,296

Trade receivable are non-interest bearing and generally on 30 to 120 (2013: 30 to 120) days term.

Impairment losses written off during the financial year by the Group amounted to RM16,000 (2013: RM14,248,000).

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

	GROUP	
	2014	2013
	RM'000	RM'000
US Dollar	2,608	2,573
SGD	6,880	3,329

## 10. OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-trade receivables	11,097	4,540	-	-
Deposits	565	273	70	5
Prepayments	3,520	3,097	77	15
Staff advances	96	124	-	-
	15,278	8,034	147	20

As at 31 March 2014, included in non-trade receivables of the Group are payment in advance made to suppliers of RM10,330,764 (2013: RM1,998,756) for the supply of goods.

## 11. AMOUNT DUE FROM A SUBSIDIARY

	COMPANY	
	2014 RM'000	2013 RM'000
Non-trade nature	32,699	30,745

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

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP			
	2014	2013		
	CONTRACT/ NOTIONAL AMOUNT RM'000	(ASSETS)/ LIABILITIES RM'000	CONTRACT/ NOTIONAL AMOUNT RM'000	(ASSETS)/ LIABILITIES RM'000
Hedging derivatives:				
Current forward currency contracts	104,315	250	31,294	(205)

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 2014, 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.

## 13. FIXED DEPOSITS WITH LICENSED BANKS

Included in fixed deposits with licensed banks of the Group are RM32,407,000 (2013: RM32,766,000) pledged to the licensed bank for banking facilities granted as disclosed in Note 22 to the financial statements.

#### 14. SHARE CAPITAL

##### Group and Company

	No. of Ordinary Shares of RM0.50 Each		Amount	
	2014	2013	2014 RM	2013 RM
Authorised:				
At 1 April	400,000,000	100,000	200,000,000	100,000
Share split	-	100,000	-	-
Created during the financial year	-	399,800,000	-	199,900,000
At 31 March	400,000,000	400,000,000	200,000,000	200,000,000

##### Group and Company

	No. of Ordinary Shares of RM0.50 Each		Amount	
	2014	2013	2014 RM	2013 RM
Issued and fully paid:				
At 1 April	380,417,656	4	190,208,828	4
Issued during the financial year:				
- Share split	-	4	-	-
- Acquisition of a subsidiary	-	344,000,000	-	172,000,000
- Share exchange for acquisition of a subsidiary	-	18,417,648	-	9,208,824
- Restricted issue during the financial year	-	18,000,000	-	9,000,000
At 31 March	380,417,656	380,417,656	190,208,828	190,208,828

#### 15. RETAINED EARNINGS

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2011 will be available to the Company until such time the credit is fully utilized or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

The Company which was incorporated on or after 1 January 2008 is automatically moved to single tier system. As such, the Company may frank the payment of dividends of its entire retained earnings without incurring additional tax liabilities.

#### 16. FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired.

#### 17. REVALUATION RESERVE

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

#### 18. CAPITAL RESERVE

The capital reserve relates to the bonus share issued by subsidiaries.

## 19. 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 subsidiary 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 has 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.

## 20. DEFERRED TAX LIABILITIES

	GROUP 2014 RM'000	2013 RM'000
At beginning of financial year	2,259	-
Merger of subsidiaries	-	1,543
Recognised in profit or loss (Note 27)		
- current year	(80)	301
- over provision in prior years	-	(100)
Revaluation for freehold land and building	-	515
At end of financial year	2,179	2,259
Presented after appropriate off-setting as follows:-		
Deferred tax liabilities	2,179	2,259

The balance in the deferred tax liabilities is made of tax effect on temporary differences arising from:-

	GROUP 2014 RM'000	2013 RM'000
<b>Deferred tax liabilities</b>		
Carrying amount of qualifying property, plant and equipment in excess of their tax base	896	792
Revaluation of freehold land and buildings	1,725	1,725
Receivables – allowance for impairment loss in receivables	(501)	(207)
Others – unrealised foreign exchange differences	59	(51)
	2,179	2,259

## 21. FINANCE LEASE LIABILITIES

	GROUP 2014 RM'000	2013 RM'000
Minimum lease premium:-		
- payable within 1 year	1,509	1,503
- payable after 1 year but not later than 5 years	2,304	2,824
	3,813	4,327
Less: Unexpired interest in suspense	(263)	(334)
	3,550	3,993
Present value of finance lease liabilities		
- within 1 year	1,371	1,330
- after 1 year but not later than 5 years	2,179	2,663
	3,550	3,993



## 22. BANK BORROWINGS

	GROUP	
	2014 RM'000	2013 RM'000
<b>Non-current</b>		
Secured:-		
Term loan	2,513	2,713
<b>Current</b>		
Secured:-		
Bank overdrafts	621	1,865
Bankers' acceptance	176,223	186,694
Onshore foreign currency loan	36,528	27,712
Term loan	441	641
	213,813	216,912

The above bank borrowings are secured by:-

- (i) Corporate guarantee by its subsidiary and the Company;
- (ii) Debenture over certain present and future assets of the Group; and
- (iii) Fixed deposits pledged to the banks as disclosed in Note 13 to the financial statements.

The bank borrowings of the Group bear interest rates at ranging from 1.90% to 8.60% (2013: 1.85% to 8.60%) per annum.

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

## 23. TRADE PAYABLES

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

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

	GROUP	
	2014 RM'000	2013 RM'000
SGD	6	-
USD	11,284	1,038

## 24. OTHER PAYABLES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-trade payables	4,687	4,743	30	3
Accruals	2,376	3,566	147	376
Deposit	41	28	-	-
	7,104	8,337	177	379

## 25. REVENUE

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	656,065	648,779	-	-
Dividend income	-	-	6,600	14,902
	656,065	648,779	6,600	14,902

## 26. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Impairment for doubtful debts no longer required	(674)	(226)	-	-
Audit fees				
- current financial year	105	102	17	17
- under provision in prior year	2	3	-	-
Bad debts written off	3	457	-	-
Depreciation of property, plant and equipment	3,112	2,659	-	-
Amortisation of investment properties	-	8	-	-
Directors' remuneration				
- fees	332	279	332	279
- overprovision in prior year	-	(9)	-	(9)
- other emoluments	6,047	5,529	6	6
Gain on disposal of property, plant and equipment	(396)	(281)	-	-
Gain on disposal of investment property	(70)	(792)	-	-
Gain on disposal of non- current assets held for sale	-	(1,093)	-	-
Gain on fair value adjustment on investment properties	(925)	(1,228)	-	-
(Gain)/Loss on disposal of subsidiary	-	(1)	-	7,934
Impairment loss on trade receivables	3,790	795	-	-
Hiring of machinery	470	210	-	-
Impairment on goodwill	-	5,803	-	-
Interest expenses				
- bankers' acceptance	9,407	7,916	-	-
- bank overdrafts	118	90	-	-
- finance lease	195	212	-	-
- term loan	241	240	-	-
- other interest	10	9	-	-
Interest income				
- overdue customers	(536)	(1,177)	-	-
- interest on fixed deposits	(957)	(1,044)	-	(17)
- current account	(37)	(38)	-	-
- others	-	(64)	-	-
Property, plant and equipment written off	-	23	-	-
Rental expense	77	49	-	-
Rental income	(72)	(71)	-	-
Realised loss on foreign exchange	1,111	289	-	-
Unrealised gain on foreign exchange	(116)	(82)	-	-
Inventories written down	33	39	-	-

## 27. TAX EXPENSE

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Taxation				
- current year	5,370	5,139	-	-
- (over)/under provision in prior years	(154)	57	4	-
Transfer to deferred taxation (Note 20)				
- current year	(80)	301	-	-
- over provision in prior years	-	(100)	-	-
	5,136	5,397	4	-

## 27. TAX EXPENSE *cont'd*

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	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax	18,171	14,964	6,083	4,022
Tax at 25%	4,543	3,741	1,521	1,005
Income not subject to tax	(526)	(832)	(1,650)	(3,725)
Non-allowable expenses	1,207	3,183	129	2,720
Double deduction expenses	(117)	(84)	-	-
Utilisation of deferred tax assets	(62)	(690)	-	-
Over provision in deferred tax	-	(100)	-	-
Real property gain tax	7	-	-	-
Deferred tax assets not recognised	238	122	-	-
	5,290	5,340	-	-
(over)/under provision of taxation in prior year	(154)	57	4	-
Total tax expense	5,136	5,397	4	-

As at 31 March 2014, the Group has an unutilised tax losses and unabsorbed capital allowances amounting to approximately RM3,743,000 (2013: RM3,087,000) and RM1,119,000 (2013: RM939,000) available for offset against future taxable profit.

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

## 28. EARNINGS PER SHARE

### **Basic earnings per share**

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

	GROUP	
	2014	2013
Profit for the financial year attributable to owners of the Company (RM)	12,970,000	9,551,000
Weighted average number of ordinary shares in issue	380,417,656	370,583,119
Basic earnings per share (RM)	0.03	0.03

### **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.

## 29. DEFERRED TAX ASSETS NOT RECOGNISED

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

	GROUP	
	2014	2013
	RM'000	RM'000
Excess of property, plant and equipment's carrying amount over its tax base	(645)	(600)
Unutilised tax losses	3,743	3,087
Unabsorbed capital allowances	1,119	939
Allowance for impairment losses on trade receivables	2,314	2,155
	6,531	5,581

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.

## 30. EMPLOYEES BENEFITS EXPENSES

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and overtime	13,737	10,520	6	6
Social security contributions	206	86	-	-
Defined contribution plan	2,206	1,502	-	-
Bonus	3,899	2,810	-	-
Other benefits	397	343	-	-
	20,445	15,261	6	6

Included in the employees benefits expenses is the Directors' remuneration as below:-

Salaries, allowances and overtime	3,119	2,689	6	6
Social security contributions	3	2	-	-
Defined contribution plan	950	837	-	-
Bonus	1,890	1,942	-	-
Other benefits	85	59	-	-
	6,047	5,529	6	6
Estimated money value of benefits-in-kind	100	71	-	-
	6,147	5,600	6	6

## 31. COMMITMENTS

### Group

#### (a) Capital commitment

	2014	2013
	RM'000	RM'000
Authorised but not contracted for:-		
- Property, plant and equipment	19,962	17,680
Authorised and contracted for:-		
- Property, plant and equipment	906	-

#### (b) Finance lease commitments

The future minimum lease payments under finance lease are disclosed in Note 21 to the financial statements.

### 32. CONTINGENT LIABILITIES - UNSECURED

	GROUP	
	2014 RM'000	2013 RM'000
Corporate guarantee given to banks as securities for facilities granted to subsidiaries	340,500	258,300

### 33. RELATED PARTY DISCLOSURE

#### (a) Related party transactions

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Dividend income received from a subsidiary	-	-	(6,600)	(14,902)
Purchases from company in which Directors of the Company has interest	4	6	-	-
Rental income from company in which Directors of the Company has interest	(18)	(13)	-	-

#### (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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, wages and other emoluments	8,486	8,194	6	6
Social security contributions	10	8	-	-
Defined contribution plan	1,425	1,312	-	-
Other benefits	328	255	-	-
	10,249	9,769	6	6

Other members of key management personnel comprise person 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. FINANCIAL INSTRUMENTS

### Categories of financial instruments

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

- (a) Loans and receivables (L&R)
- (b) Available-for-sale financial assets (AFS); and
- (c) Other liabilities measured at amortised cost (AC).

Group	CARRYING AMOUNT RM'000	L&R RM'000	AFS RM'000	AC RM'000
<b>2014</b>				
<b>Financial assets</b>				
Other investment	104	-	104	-
Trade and other receivables (Notes 9 and 10)	150,824	150,824	-	-
Fixed deposits with licensed banks (Note 13)	34,407	34,407	-	-
Cash and bank balances	17,485	17,485	-	-
	202,820	202,716	104	-
<b>Financial liabilities</b>				
Trade and other payables (Notes 23 and 24)	31,340	-	-	31,340
Finance lease liabilities (Note 21)	3,550	-	-	3,550
Bank borrowings (Note 22)	216,326	-	-	216,326
	251,216	-	-	251,216
<b>2013</b>				
<b>Financial assets</b>				
Other investment	5	-	5	-
Trade and other receivables (Notes 9 and 10)	169,950	169,950	-	-
Fixed deposits with licensed banks (Note 13)	32,766	32,766	-	-
Cash and bank balances	24,803	24,803	-	-
	227,524	227,519	5	-
<b>Financial liabilities</b>				
Trade and other payables (Notes 23 and 24)	33,755	-	-	33,755
Finance lease liabilities (Note 21)	3,993	-	-	3,993
Bank borrowings (Note 22)	219,625	-	-	219,625
	257,373	-	-	257,373
<b>Company</b>				
<b>2014</b>				
<b>Financial assets</b>				
Other receivables (Note 10)	70	70	-	-
Amount due from a subsidiary (Note 11)	32,699	32,699	-	-
Cash and bank balances	7	7	-	-
	32,776	32,776	-	-
<b>Financial liabilities</b>				
Other payables (Note 24)	177	-	-	177
<b>2013</b>				
<b>Financial assets</b>				
Other receivables (Note 10)	5	5	-	-
Amount due from a subsidiary (Note 11)	30,745	30,745	-	-
Cash and bank balances	15	15	-	-
	30,765	30,765	-	-
<b>Financial liabilities</b>				
Other payables (Note 24)	379	-	-	379

### 35. 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 and dormant

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2014 Group	NOTE	MANUFACTURING RM'000	TRADING RM'000	OTHERS RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL AS PER CONSOLIDATED FINANCIAL STATEMENTS RM'000
<b>Revenue</b>						
External customers		54,846	601,219	-	-	656,065
Inter-segment	i	1,621	8,544	6,600	(16,765)	-
Total revenue		56,467	609,763	6,600	(16,765)	656,065
<b>Results:</b>						
Interest income		(466)	(1,239)	-	175	(1,530)
Interest expense		208	9,938	-	(175)	9,971
Depreciation of property, plant and equipment		887	2,225	-	-	3,112
Fair value gains on investment properties		(30)	(895)	-	-	(925)
Other non-cash expenses	ii	284	2,286	-	-	2,570
Income tax expense		926	4,206	4	-	5,136
Segment profit		5,214	8,346	(525)	-	13,035
<b>Assets:</b>						
Additions to non-current asset	iii	70	2,490	-	-	2,560
Segment assets		42,796	419,780	154	-	462,730
<b>Liabilities:</b>						
Segment liabilities		(7,415)	(246,988)	(177)	-	(254,580)
<b>2013 GROUP</b>						
<b>Revenue</b>						
External customers		57,299	591,480	-	-	648,779
Inter-segment	i	1,074	7,254	14,902	(23,230)	-
Total revenue		58,373	598,734	14,902	(23,230)	648,779
<b>Results:</b>						
Interest income		(303)	(2,003)	(17)	-	(2,323)
Interest expense		186	8,404	-	(123)	8,467
Depreciation of property, plant and equipment		757	1,902	-	-	2,659
Amortisation of investment properties		-	8	-	-	8
Fair value gains on investment properties		(168)	(1,060)	-	-	(1,228)
Listing expense		-	-	2,357	-	2,357
Other non-cash expenses	ii	378	(1,539)	5,803	-	4,642
Income tax expense		586	4,810	1	-	5,397
Segment profit		3,070	15,381	(8,884)	-	9,567
<b>Assets:</b>						
Additions to non-current asset	iii	3,495	2,323	-	-	5,818
Segment assets		48,306	411,230	35	-	459,571
<b>Liabilities:</b>						
Segment liabilities		(4,226)	(256,090)	(381)	-	(260,697)



## 35. 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	
	2014	2013
	RM'000	RM'000
Property, plant and equipment written off	-	23
Impairment loss on trade receivables	3,790	795
Bad debts written off	3	457
Gain on disposal of plant, property and equipment	(396)	(281)
Gain on disposal of non-current asset held for sale	-	(1,093)
Gain on disposal of investment property	(70)	(792)
Gain on disposal of subsidiary	-	(1)
Impairment loss on goodwill	-	5,803
Impairment for doubtful debts no longer required	(674)	(226)
Unrealised gain on foreign currency	(116)	(82)
Inventories written down	33	39
	2,570	4,642

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

	GROUP	
	2014	2013
	RM'000	RM'000
Property, plant and equipment	1,701	5,481
Investment properties	805	337
Other investments	54	-
	2,560	5,818

### (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.

## 36. 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.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

#### (a) **Credit risk** *cont'd*

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

##### (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:-

<b>Group</b>	<b>GROSS</b>	<b>INDIVIDUALLY</b>	<b>NET</b>
<u>2014</u>	<u>RM'000</u>	<u>IMPAIRED</u>	<u>RM'000</u>
Not past due	85,791	-	85,791
Past due 1 - 30 days	28,085	-	28,085
Past due 31 - 60 days	12,986	-	12,986
Past due 61 - 90 days	2,854	-	2,854
Past due 91-120 days	1,762	-	1,762
More than 121 days	12,984	(5,396)	7,588
	144,462	(5,396)	139,066
<u>2013</u>			
Not past due	90,755	-	90,755
Past due 1 - 30 days	42,100	-	42,100
Past due 31 - 60 days	17,040	-	17,040
Past due 61 - 90 days	2,566	-	2,566
Past due 91-120 days	4,162	-	4,162
More than 121 days	10,686	(2,296)	8,390
	167,309	(2,296)	165,013

Trade receivables that are past due not impaired are credit worthy debtors with good payment records with the Group. As at 31 March 2014, trade receivables of RM53,275,000 (2013: RM74,258,000) for the Group that 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 subsidiaries and monitors their results regularly. As at the end of the reporting date, there was no indication that the advances to subsidiaries are not recoverable.

## 36. 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	CARRYING AMOUNT RM'000	CONTRACTS CASH FLOWS RM'000	MATURITY		
			CURRENT LESS THAN 1 YEAR RM'000	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
<b>2014</b>					
<b>Secured:</b>					
Finance lease liabilities	3,550	3,813	1,509	2,304	-
Bank overdrafts	621	621	621	-	-
Bankers' acceptance	176,223	176,223	176,223	-	-
Term loan	2,954	3,607	641	2,565	401
Onshore foreign currency loan	36,528	36,528	36,528	-	-
	219,876	220,792	215,522	4,869	401
<b>Unsecured:</b>					
Trade payables	24,236	24,236	24,236	-	-
Other payables	7,104	7,104	7,104	-	-
	31,340	31,340	31,340	-	-
<b>Total</b>	<b>251,216</b>	<b>252,132</b>	<b>246,862</b>	<b>4,869</b>	<b>401</b>
<b>2013</b>					
<b>Secured:</b>					
Finance lease liabilities	3,993	4,327	1,503	2,824	-
Bank overdrafts	1,865	1,865	1,865	-	-
Bankers' acceptance	186,694	186,694	186,694	-	-
Term loan	3,354	4,248	641	2,565	1,042
Onshore foreign currency loan	27,712	27,712	27,712	-	-
	223,618	224,846	218,415	5,389	1,042
<b>Unsecured:</b>					
Trade payables	25,418	25,418	25,418	-	-
Other payables	8,337	8,337	8,337	-	-
	33,755	33,755	33,755	-	-
<b>Total</b>	<b>257,373</b>	<b>258,601</b>	<b>252,170</b>	<b>5,389</b>	<b>1,042</b>

### 36. 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	CARRYING AMOUNT RM'000	CONTRACTS CASH FLOWS RM'000	MATURITY		
			CURRENT LESS THAN 1 YEAR RM'000	MORE THAN 1 YEAR BUT LESS THAN 5 YEARS RM'000	MORE THAN 5 YEARS RM'000
<b>2014</b>					
<b>Unsecured:</b>					
Other payables	177	177	177	-	-
Total	177	177	177	-	-
<b>2013</b>					
<b>Unsecured:</b>					
Other payables	379	379	379	-	-
Total	379	379	379	-	-

#### (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 currency giving rise to this risk is 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 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 exchange rates 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
<b>2014</b>		
USD/RM		
Strengthened 0.47%	(147)	(147)
Weakened (0.47%)	147	147
SGD/RM		
Strengthened 0.32%	(26)	(26)
Weakened (0.32%)	26	26
<b>2013</b>		
USD/RM		
Strengthened 0.07%	(16)	(16)
Weakened (0.07%)	16	16
SGD/RM		
Strengthened 0.17%	(12)	(12)
Weakened (0.17%)	12	12

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.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's 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	
	2014 RM'000	2013 RM'000
<b>Fixed rate instruments</b>		
Fixed deposits with licensed banks	34,407	32,766
Finance lease liabilities	(3,550)	(3,993)
	<hr/> 30,857	<hr/> 28,773
<b>Floating rate instruments</b>		
Bank overdrafts	621	1,865
Bankers' acceptance	176,223	186,694
Term loan	2,954	3,354
Onshore foreign currency loan	36,528	27,712
	<hr/> 216,326	<hr/> 219,625

### Interest rate sensitivity analysis

As at 31 March 2014, 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 RM'000	-50BP RM'000
<b>2014</b>		
Floating rate instruments	(1,082)	1,082
<b>2013</b>		
Floating rate instruments	(1,098)	1,098

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

#### (e) Fair value of financial instruments

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 NOT CARRIED AT FAIR VALUE Level 2 RM'000	CARRYING AMOUNT RM'000
<b>2014</b>			
<b>Group</b>			
<b>Financial assets</b>			
Other investments	104	-	104
<b>Financial liabilities</b>			
Finance lease liabilities	-	3,550	3,550
Bank borrowings	-	216,326	216,326

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE RM'000	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE* RM'000	CARRYING AMOUNT RM'000
<b>2013</b>			
<b>Group</b>			
<b>Financial assets</b>			
Other investment	5	-	5
<b>Financial liabilities</b>			
Finance lease liabilities	-	3,993	3,993
Bank borrowings	-	219,625	219,625

\* Comparative figures have not been analysed by level, by virtue of transitional provision given in Appendix C2 of MFRS 13.

There were no transfers between Level 1 and Level 2 during the financial year (2013: no transfer in either direction).

### 37. 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 2.5 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 Company has complied with these requirements.

## DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad has 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:-

	2014 RM'000	2013 RM'000
<b>Group</b>		
Total retained earnings of the Group:		
- Realised	152,825	144,472
- Unrealised	4,140	3,327
Total retained earnings	156,965	147,799

	2014 RM'000	2013 RM'000
<b>Company</b>		
Total retained earnings of the Company:		
- Realised	2,467	192
- Unrealised	-	-
Total retained earnings	2,467	192

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 2014

LOCATION	TENURE	DESCRIPTION	AREA	EXISTING USE	APPROX. AGE OF BUILDING (No. OF YEARS)	NET BOOK VALUE AS AT 31-03-2014 (RM'000)	DATE OF ACQUISITION	DATE OF REVALUATION
Lot 6488, Lorong Sungai Puloh (Jalan Haji Abdul Manan), 42100 Klang, Selangor	Freehold	Industrial Land & Building	5.087 acres	Warehouse, Office and Open storage yard	17	23,695	1-Oct-09	31-Mar-13
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	19	8,338	30-Nov-90	31-Mar-13
Lot 3845, 7½th Mile, Jalan Kapar, 42200 Klang, Selangor	Freehold	Industrial Land & Building	1.397 acres	Factory and Office	5	6,662	20-Dec-01	31-Mar-13
Lot 3348, 7½th Mile, Jalan Kapar, 42200 Klang, Selangor	Freehold	Industrial Land	5.262 acres	Open Storage Yard		11,514	22-Apr-96	31-Mar-13
Lot 3846, 7½th Mile, Jalan Kapar, 42200 Klang, Selangor	Freehold	Industrial Land & Building	3.559 acres	Factory and Office	13	13,838	13-Oct-92	31-Mar-13
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	Staff Accommodation	14	146	26-Oct-95	31-Mar-13
Sub-Total (value of properties held as property, plant and equipment)						64,193		
No. 9, Lorong Tiara 1A, Bandar Baru Klang, 41150 Klang, Selangor	Leasehold (expiring on 08.05.2093)	4 Storey Shop Office	1,647 sq ft	Tenanted	16	1,200	15-Feb-94	31-Mar-14
Lot 1232, Off Jalan Bukit Kemuning, Seksyen 35 Mukim Klang, Klang, Selangor	Freehold	Industrial Land	4.438 acres	Vacant		8,100	3-Jan-96	31-Mar-14
GRN 216124/Lot 22147, College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	8,267 sq ft	Vacant		115	29-Sep-98	31-Mar-14
A5-09P, Level 9, Parkview Tower, Amber Court, 69000 Genting Highlands, Pahang	Freehold	Condominium	646 sq ft	Vacant	18	80	1-Feb-91	31-Mar-14
GRN 198673/Lot 21280 College Heights Garden Resort, 71700 Mantin, Negeri Sembilan	Freehold	Bungalow Land	9,096 sq ft	Vacant		110	20-Feb-98	31-Mar-14
No. 35, Jalan Kembojasari 11, Perumahan Jalan Kembojasari, Bandar Sungai Buaya, 48010 Serendah, Rawang	Leasehold (expiring on 04.01.2095)	Single Storey Terrace House	1,300 sq ft	Vacant	10	100	8-Sep-00	31-Mar-14
Unit No. 10-11, Bangunan Duta Impian (The Embassy Suites), No. 14, Jalan Dato Abdullah Tahir, 80250 Johor Bahru	Freehold	Apartment	1,345 sq ft	Tenanted	8	450	30-Dec-04	31-Mar-14
Unit No C2-11, Block C, Skudaiville (Now Skudaivilla), Taman Skudai Baru, 81300 Skudai, Johor	Freehold	Apartment	1,213 sq ft	Tenanted	10	190	14-Jun-02	31-Mar-14

# Properties held by AYS Ventures Berhad and its subsidiaries as at 31 March 2014 *cont'd*

LOCATION	TENURE	DESCRIPTION	AREA	EXISTING USE	APPROX. AGE OF BUILDING (No. OF YEARS)	NET BOOK VALUE AS AT 31-03-2014 (RM'000)	DATE OF ACQUISITION	DATE OF REVALUATION
No. 854, Jalan Idaman 2/15/4, Taman Desa Idaman, 81400 Senai, Johor	Freehold	Single Storey Terrace House	1,442 sq ft	Vacant	11	85	11-Nov-08	31-Mar-14
Unit No. C-3-14, 3rd Floor, Block C, Rumah Pangsa Taman Semarak II, 71800 Nilai, Negeri Sembilan	Freehold	Low-Medium Cost Apartment	721 sq ft	Vacant	16	40	21-Dec-04	31-Mar-14
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	6	120	21-Feb-00	31-Mar-14
Unit No 27B, Level 2, Block 4, Pusat Perniagaan Worldwide, Jalan Karate 13/47, 40675 Shah Alam, Selangor	Leasehold (expiring in 25.03.2102)	Commercial Shoplot	366 sq ft	Tenanted	14	75	17-Apr-03	31-Mar-14
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 Apartment	712 sq ft	Vacant	5	180	7-Jun-12	31-Mar-14
Sub-total (value of properties held as investment properties)						10,845		
Total (value of properties held as property, plant and equipment, and investment properties)						75,038		

# Statistical Report as at 30 May 2014

## 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	250	10.51	13,233	0.00
100 – 1,000	1,038	43.63	404,413	0.11
1,001 – 10,000	511	21.48	2,642,978	0.69
10,001 – 100,000	472	19.84	17,569,952	4.62
100,001 – less than 5% of issued shares	106	4.46	95,079,720	25.00
5% and above of issued shares	2	0.08	264,707,360	69.58
Total	2,379	100.00	380,417,656	100.00

## LIST OF DIRECTORS' SHAREHOLDINGS AS AT 30 MAY 2014

	DIRECT No. of Shares	%	INDIRECT No. of Shares	%
Tuan Haji Mohd. Sharif Bin Haji Yusof	-	-	-	-
Oh Chiew Ho	-	-	264,707,360*	69.58
Oh Yung Sim	-	-	-	-
Chang Chee Seng	-	-	-	-
Tay Kim Chuan	-	-	-	-
Oh Pooi Foon	-	-	-	-
Seow Nyoke Yoong	-	-	-	-
Mohamad Fazlin bin Mohamad	-	-	-	-

\* 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 30 MAY 2014

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 2014 on page 25 of this Annual Report.

## SUBSTANTIAL SHAREHOLDERS AS AT 30 MAY 2014

	AS AT 30 MAY 2014			
Substantial Shareholders	DIRECT No. of Shares	%	INDIRECT 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 30 MAY 2014

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.	Ong Siew Eng @ Ong Chai	10,000,000	2.63
4.	Tan Chee Kuan	8,311,000	2.18
5.	See Siew Chiet	8,301,000	2.18
6.	Au Cheen Hoe	7,000,000	1.84
7.	Toh Tuan Sun	5,392,400	1.42
8.	Lee Ching Kion	5,000,000	1.31
9.	Lim Aik Hoe	4,801,453	1.26
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)	4,059,400	1.07
11.	Anugaris Sdn Bhd	3,660,092	0.96
12.	Tay Buan Tong	2,780,000	0.73
13.	Sin Cheak Seng Pottery Sdn. Bhd	2,400,000	0.63
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Yu San (8121282)	1,608,400	0.42
15.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	1,500,000	0.39
16.	Wong Yoon Seng	1,394,000	0.37
17.	Meridian Location Sdn Bhd	1,344,000	0.35
18.	Chong Feng Tak @ Chong Wee Khean	1,120,000	0.29
19.	Wong Wai Kuan	954,000	0.25
20.	Lim Seng Chee	888,000	0.23
21.	Tang Chee Fook	800,000	0.21
22.	Cheng Gen Min	748,900	0.20
23.	Ng Tiow Min	738,000	0.19
24.	Maybank Nominees (Tempatan) Sdn Bhd Ng See Soon	662,180	0.17
25.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Siew Looi (STA 2)	620,200	0.16
26.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (a/c clients)	560,800	0.15
27.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Mei Leng	543,300	0.14
28.	Koo Pei Suan	534,000	0.14
29.	Liew Sin	520,960	0.14
30.	Tay Buan Tong	510,000	0.13

# Proxy Form

\*I/\*We

of

being a member/members of AYS VENTURES BERHAD hereby appoint

of

or failing whom

of

or \*the Chairman of the Meeting as \*my/\*our proxy to vote for \*me/\*us and on \*my/\*our behalf at the Third Annual General Meeting of the Company to be held on Tuesday, 22 July 2014 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 Seow Nyoke Yoong as Director	1		
Re-election of Mohamad Fazlin Bin Mohamad as Director	2		
Re-appointment of Haji Mohd. Sharif Bin Haji Yusof as Director	3		
Approval of payment of Directors' fees	4		
Re-appointment of Messrs. SJ Grant Thornton as Auditors	5		
Approval of the proposed Authority to issue shares pursuant to Section 132D of the Companies Act, 1965	6		

*\*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 ..... 2014

NUMBER OF SHARES HELD

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

[\*Delete if not applicable]

## NOTES:-

1. A member of the company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. A 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 authorized 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 Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 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 16 July 2014 shall be regarded as Member of the Company entitled to attend the Third 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 Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

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