TOYO INK GROUP BERHAD

(Company No. 590521-D)

2017

LAPORAN TAHUNAN
ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at Bukit Jalil Golf & Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil 57000 Kuala Lumpur on Thursday, 7 September 2017, at 10.30 a.m. for the transaction of the following businesses:¬-

AGENDA

1. **To receive the Audited Financial Statements for the year ended 31 March 2017 together with the Reports of the Directors and the Auditors thereon.** **(Refer Note 7)**

2. **To approve the payment of Directors' fees of RM150,000.00 (2016: RM72,920.00) in respect of the year ended 31 March 2017.** **(Resolution 1)**

3. **To approve the payment of Directors' fees of RM150,000.00 for the financial year ending 31 March 2018.** **(Resolution 2)**

4. **To approve the payment of Directors' benefit up to RM50,000.00 from 1 February 2017 until the next Annual General Meeting of the Company.** **(Resolution 3)**

5. **To re-elect Mr. Lim Guan Lee who retires pursuant to Article 92 of the Company's Articles of Association and, being eligible, offers himself for re-election.** **(Resolution 4)**

6. **To re-appoint the following directors:-**
   - **(i) Tuan Hj. Ir. Yusoff Bin Daud** **(Resolution 5)**
   - **(ii) Mr. Tham Kut Cheong** **(Resolution 6)**
   - **(iii) Mr. You Tong Lioung @ Yew Tong Leong** **(Resolution 7)**

7. **To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.** **(Resolution 8)**

8. **As Special Business:-**
   To consider and, if thought fit, to pass the following ordinary resolution:-

   (a) AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016 ("THE ACT") **(Resolution 9)**
   "THAT, subject always to the Companies Act 2016 ("the Act"), Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approval of any other governmental and/or regulatory bodies, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 75 of the Act to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares 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 Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier."

   (b) Continuing In Office As Independent Non-Executive Director **(Resolution 10)**
   "THAT subject to the passing of Resolution No. 6, authority be and is hereby given to Mr. Tham Kut Cheong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

   (c) Continuing In Office As Independent Non-Executive Director **(Resolution 11)**
   "THAT subject to the passing of Resolution No. 7, authority be and is hereby given to Mr. You Tong Lioung @ Yew Tong Leong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.

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

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD,

ANDREA HUONG JIA MEI (MIA 36347)
Company Secretary

Kuala Lumpur
31 July 2017

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

2. Where a member is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

3. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of some officer of the corporation, duly authorised on that behalf.

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

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

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 August 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and vote on his behalf.

7. Audited Financial Statements for the financial year ended 31 March 2017
The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put forward for voting.

8. Payment of Directors' Benefit
Pursuant to Section 230(1) of the Companies Act, 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board's Committee Meeting and other benefits which shall take effect from 1 February 2017 until the next AGM. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

9. Re-appointment of Directors
Mr. Tham Kut Cheong, Mr. You Tong Lioung @ Yew Tong Leong and Tuan Hj. Ir. Yusoff Bin Daud were re-appointed as a Director of the Company at the Fourteenth AGM held on 8 September 2016 pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of this AGM. Resolution 5, 6 and 7, if passed, will enable them to continue their office as a Director of the Company following the conclusion of this AGM. The Act (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director over 70 years of age to be subject to shareholders' approval at each AGM. Accordingly, if Resolution 5, 6 and 7 are passed, Mr. Tham Kut Cheong, Mr. You Tong Lioung @ Yew Tong Leong and Tuan Hj. Ir. Yusoff Bin Daud's continuation in office will thereafter be subject to retirement by rotation pursuant to the Company's Articles of Association.

10. Explanatory Notes on Special Business:-
    (a) Resolution pursuant to Section 75 of the Companies Act 2016
    Resolution No. 9 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 75 of the Companies Act 2016 which was approved by shareholders at the last year's Company's AGM.

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

    The proposed resolution, if passed, will empower the Directors to issue and allot new shares in the Company at any time as the Directors may deem fit provided the aggregate number of shares issued pursuant to the mandate does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, without convening a general meeting. The authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to

NOTICE OF ANNUAL GENERAL MEETING

be held after the approval was given, whichever is earlier.

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

(b) Resolution Nos. 10 and 11

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications: -

(i) Both of them have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements ("LR") of Bursa Securities, and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board.

(ii) Mr. Tham Kut Cheong is a fellow of the Institute of Chartered Accountants in Ireland and a member of the Malaysian Institute of Accountants and thus, he is able to fulfill the financial expertise requisite under the LR in relation to the composition of the Audit Committee. Being the Chairman of the Audit Committee, his knowledge, skills and experience in finance and audit would enable him to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board.

(iii) Mr. You Tong Lioung @ Yew Tong Leong's vast experience in the banking and finance industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage the Group.

(iv) Both of them, having been with the Company for more than nine (9) years, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations for informed and balanced decision making.

(v) Both have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in the interest of the Company and shareholders.

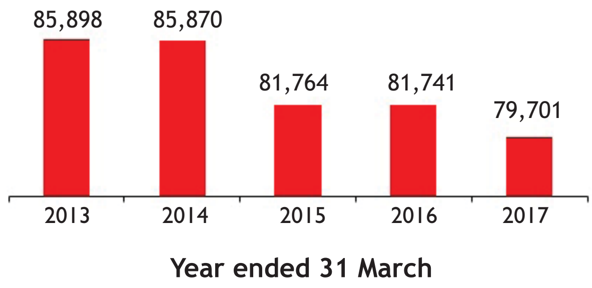
Resolution No. 10, if passed, will authorise Mr. Tham Kut Cheong to continue in office as an Independent Non-Executive Director of the Company.

Resolution No. 11, if passed, will authorise Mr. You Tong Lioung @ Yew Tong Leong to continue in office as an Independent Non-Executive Director of the Company.

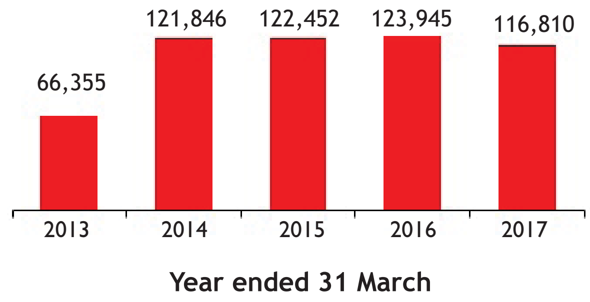
Personal data privacy:-
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FINANCIAL HIGHLIGHTS - 31 MARCH 2013 TO 31 MARCH 2017

Group Turnover RM('000)

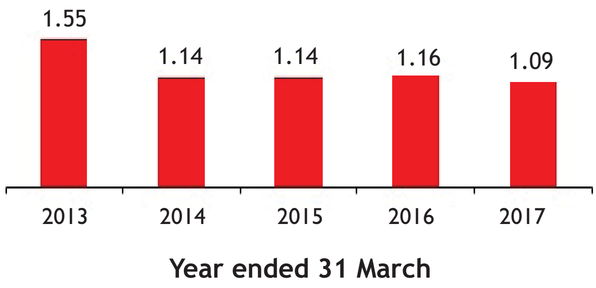


Total Shareholders' Funds RM('000)

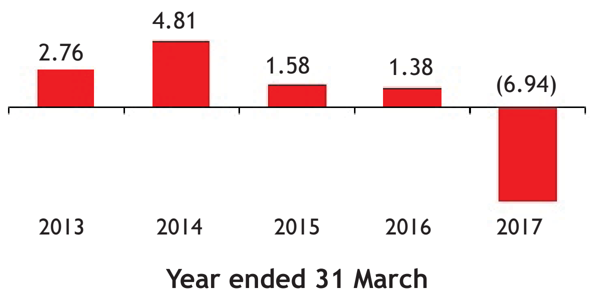


Net profit after tax RM('000)

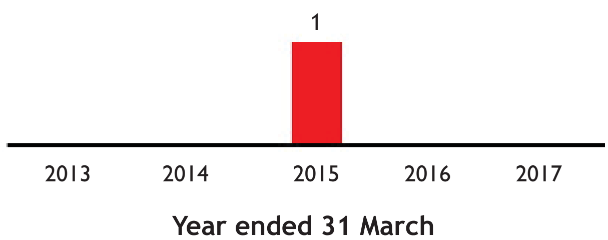
Net assets per share (RM)



Net earnings per share (Sen)



Gross dividend per share (Sen)



	2013	2014	2015	2016	2017
Group Turnover (RM'000)	85,898	85,870	81,764	81,741	79,701
Total shareholders' funds (RM'000)	66,355	121,846	122,452	123,945	116,810
Net assets per share (RM)	1.55	1.14	1.14	1.16	1.09
Net profit/(loss) after tax (RM'000)	1,181	4,886	1,693	1,473	(7,423)
Earnings/(loss) per share (sen)	2.76	4.81	1.58	1.38	(6.94)
Gross dividend per share (sen)	-	-	1	-	-

DIRECTORS' PROFILE

Tuan Hj. Ir. Yusoff bin Daud

(Malaysian, aged 72)

Independent Non-Executive Chairman

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

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

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

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2017.

He has no conflict of interest with the Company.

Mr. Song Kok Cheong

(Malaysian, aged 65)

Group Managing Director

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

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

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2017.

He has no conflict of interest with the Company.

Mr. Lim Guan Lee

(Singaporean, aged 67)

Non-Independent Non-Executive Director

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

He has attended 5 Board meetings held during his tenure in office in the financial year ended 31 March 2017.

He has no conflict of interest with the Company.

DIRECTORS' PROFILE

Mr. Tham Kut Cheong
(Malaysian, aged 72)
Independent Non-Executive Director

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

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

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

He has attended all Board meetings held during his tenure in office in the year ended 31 March 2017.

He has no conflict of interest with the Company.

Mr. You Tong Lioung @ Yew Tong Leong
(Malaysian, aged 81)
Independent Non-Executive Director

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

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

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

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

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

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

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

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2017.

He has no conflict of interest with the Company.

Ms. Song Hsiao May
(Malaysian aged 33)
Non-Independent Non-Executive Alternate Director to Song Kok Cheong

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

She has not attended any Board meetings held during her tenure in office in the financial year ended 31 March 2017.

She has no conflict of interest with the Company.

DIRECTORS' PROFILE

Ms. Lim Soek Fun

(Singaporean aged 36)

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

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

She has not attended any Board meetings held during her tenure in office in the financial year ended 31 March 2017.

She has no conflict of interest with the Company.

Save as disclosed on page 32, none of the other Directors has any family relationship with any Directors or substantial shareholders of the Company.

None of the Directors has been convicted of any offences within the past five (5) years other than traffic offences.

PROFILES OF SENIOR MANAGEMENT

Mr. Chew Cheong Loong

(Malaysian, aged 50)

Managing Director, EDM-Tools Group

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

He graduated from Institute Technology Jaya, Kuala Lumpur in 1988 with a Diploma in Electrical and Electronics Engineering and obtained certificate in Chartered Institute of Marketing from Stamford College in 1992.

He started his career in JVC Electronics (M) Sdn Bhd in 1989 as production technician and promoted as assistant production line leader before joining ETSB as a sales engineer in January 1990.

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

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

Mr. Soo Zin Chuen

(Malaysian, aged 38)

Senior Finance & Accounting Manager

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

Prior to joining Toyo Ink Group, Mr. Soo had accumulated over ten years of auditing, finance and accounting related experience in accounting firms and commerce and industry.

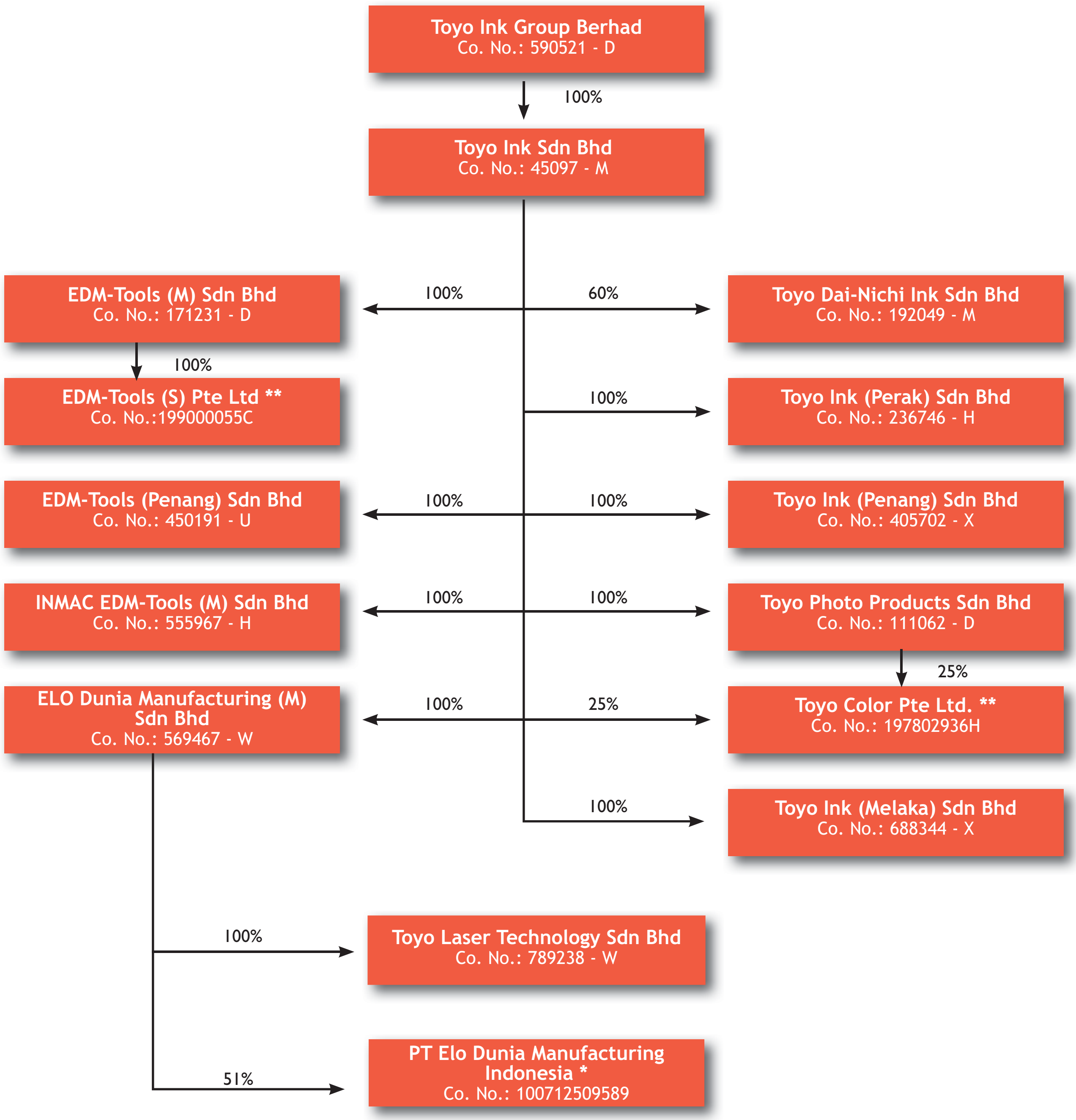
He does not hold any directorships of public companies and listed issuers.

None of the Senior Management has any family relationship with any Directors or substantial shareholders of the Company.

None of the Senior Management has been convicted of any offences within the past five (5) years other than traffic offences.

None of the Senior Management has any conflict of interest with the Company.

CORPORATE STRUCTURE



* *Incorporated in Indonesia*
** *Incorporated in Singapore*

CORPORATE INFORMATION

Board of Directors
Tuan Hj. Ir. Yusoff bin Daud *(Chairman)*
Song Kok Cheong
Lim Guan Lee
Tham Kut Cheong
You Tong Lioung @ Yew Tong Leong
Song Hsiao May *(alternate to Song Kok Cheong)*
Lim Soek Fun *(alternate to Lim Guan Lee)*

Audit Committee
Tham Kut Cheong *(Chairman)*
Tuan Hj. Ir. Yusoff bin Daud
You Tong Lioung @ Yew Tong Leong

Nomination Committee
Tham Kut Cheong *(Chairman)*
Tuan Hj. Ir. Yusoff bin Daud
You Tong Lioung @ Yew Tong Leong

Remuneration Committee
Tham Kut Cheong *(Chairman)*
You Tong Lioung @ Yew Tong Leong
Song Kok Cheong

Company Secretary
Andrea Huong Jia Mei (MIA 36347)

Registered Office
Lot 4.100, Tingkat 4, Wisma Central
Jalan Ampang, 50450 Kuala Lumpur
Telephone: 03-21619753
Fax: 03-21812456

Solicitors
Tan Kim Soon & Co

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

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

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

Principal Bankers
AmIslamic Bank Berhad
AmBank (M) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.

Stock Exchange Listing
Bursa Malaysia Securities Berhad
Main Market - Stock Code 7173

CORPORATE INFORMATION

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

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

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

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

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

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

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

TOYO COLOR PTE LTD
63 Joo Koon Circle
Singapore 629076

PRODUCTS AND SERVICES

Masterbatch products - colorants

Flexographic ink

Gravure ink

Offset process ink products

Masterbatch products - colorants

Glasurit automotive paints

PRODUCTS AND SERVICES

EDM CUT WIRE

CNC EDM MACHINE

EROWA ROBOT AUTOMATION

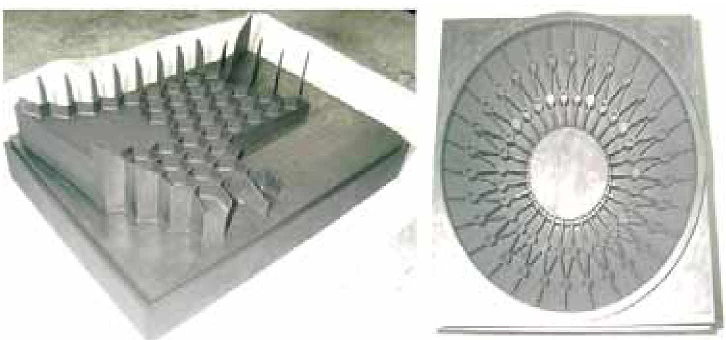
ELBO CONTROLLI TOOL PRESETTER

OR LASER WELDING MACHINE

TOYO FIBRE LASER CUTTING MACHINE (Table type)

TOYO SPOT LASER WELDING

TOYO LASER WELDING MACHINE (Eco Line)



GRAPHITE ELECTRODES

CNC GRAPHITE MACHINING CENTER

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

a. Ink Group
b. EDM-Tools Group

Ink Group

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

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

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

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

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

EDM-Tools Group

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

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

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

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

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

FINANCIAL PERFORMANCE

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

	FY 2017 RM'000	FY 2016 RM'000	Increase/(Decrease) RM'000	%
Revenue:				
Ink Group	38,454	41,283	(2,828)	(7.0)
EDM-Tools Group	41,248	40,458	790	2.0
PBT:				
Ink Group	(8,165)	498	(8,663)	(1,739.6)
EDM-Tools Group	823	1,024	(201)	(19.6)

Ink Group
The Ink Group recorded a decrease in revenue to RM38.45 million in FY 2017 as compared to RM41.28 million in FY 2016 mainly as a result of ceasing the offset ink division effectively on 29 April 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The losses incurred during the current financial year ended 31 March 2017 were mainly due to impairment of goodwill amounting to RM8.70 million as a result from less than favourable results achieved by the subsidiaries.

Excluding the impairment losses of RM8.70, the Ink Group managed to maintain its profit despite the decrease in revenue mainly due to the following:-

- Ceasing the operation of the loss making offset ink division;
- Higher contribution achieved by the trading of automotive refinish paints division.

EDM-Tools Group
The EDM-Tools Group recorded a slight increase in revenue to RM41.25 million in FY 2017 as compared to RM40.46 million in FY 2016 as a result from higher sales achievement in the Engineering Division and CNC Machining and Graphite Division.

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

Despite achieving higher revenue, the profit before tax decreased to RM0.82 million in FY 2017 as compared to RM1.02 million in FY 2016 due to recognition of impairment loss arising from disposal of an overseas subsidiary.

MANAGING RISKS EXPOSURE

The operations of the Group are exposed to credit risk, foreign currency risk and liquidity risk. The Group has adopted policies on financial risk management to minimise those risks.

CREDIT RISK

The Group is exposed to credit risk that leads to financial loss if trade receivables fail to pay when due. The Group has a credit policy in place to monitor and minimise the exposure in case of default.

FOREIGN CURRENCY RISK

The Group's is exposed to foreign currency risk on sales and purchases denominated in foreign currencies ie. US Dollar and Euro. The Group managed the exposure through matching the cash inflows from export proceeds with the cash outflows denominated in foreign currency.

LIQUIDITY RISK

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

The Group's long term and short term borrowings are principally denominated in Ringgit Malaysia in Malaysia and amounting to RM22.94 million as at 31 March 2017.

As at 31 March 2017, the Group has cash and cash equivalent amounting to RM5.13 million as well as unutilised banking facilities amounting to RM4.39 million. The Group anticipates its cash and cash equivalents and available credit facilities to be sufficient to fund the working capital and capital investment for the business.

DIVIDEND POLICY

The Group had not adopted any dividend policy. The Board will evaluate the Group's profitability, long term plans and cash flows position annually before recommending any dividend payment. No dividend has been paid, declared or proposed by the Board since the end of the previous financial year. For the financial year ended 31 March 2017, the Board does not recommend the payment of dividend in order to conserve cash for the Song Hau 2 Power Plant Project.

INVESTMENT IN POWER PLANT PROJECT IN VIETNAM

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

Up to 31 March 2017, the Group had invested RM307.56 million for the power plant project.

PROSPECTS

The Board is confident of achieving encouraging performance in FY 2018 based on current market conditions in which the US Dollar is anticipated to be stable for the near future as volatility of the USD against the Ringgit Malaysia will influence the Group's future earnings especially for the export business under EDM-Tools Group.

CORPORATE GOVERNANCE STATEMENT

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

Set out below is a statement of how the Group has applied the principles laid down in the 2012 Code and the extent of the Group's compliance with the best practices of the 2012 Code throughout the financial year ended 31 March 2017. The Board considers that it has generally applied the principles and best practices of the 2012 Code as disclosed below:-

1. Establish clear roles and responsibilities

1.1 Clear Functions of the Board and Management

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

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

(a) Delegates certain responsibilities to specific Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberation of specific board agenda.

(b) Established and defined the terms of reference for each Committee. The Chairman of the respective Board Committee would report to the Board during the Board Meetings on significant matters deliberated in the Committees.

(c) Established a Board Charter which sets out a list of specific functions that are reserved for the Board. Key matters reserved for the Board's approval includes corporate plans and programmes, annual budgets, new ventures and investments, major and massive capital expenditure projects not in the ordinary course of business and authority levels.

The Managing Director acts as the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. He is responsible for the day to day operation of the Group's Business and to ensure the efficiency and effectiveness of the operation for the Group.

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

1.2 Clear Roles and Responsibilities

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

(a) Review and adopt a strategic plan for the Company which aims to promote sustainability within the aspects of environment management systems in compliance with ISO 14001;

(b) Overseeing conduct of the company's business to evaluate whether the business is properly managed;

(c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;

(d) Reviewing the adequacy and the integrity of the management information and internal control systems of the company; and

(e) Succession planning, including appropriate training, fixing the compensation of and, where appropriate replacing senior management.

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

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

CORPORATE GOVERNANCE STATEMENT

Succession Planning
The Nomination & Remuneration Committee is entrusted by the Board with the responsibility to review candidates for Executive Directors and key management positions and recommend their remuneration packages. The Remuneration Committee also reviews the remuneration package for Managing Director and Executive Directors.

The Board is satisfied that the Nomination & Remuneration Committee discharges its functions in accordance with its terms of reference in respect of nomination and remuneration matters.

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

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

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

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

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

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

1.6 Company Secretary
The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016.

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

1.7 Board Charter

The Company has adopted a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter, which serves as a reference point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also contains a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company's businesses are in its hands.

The Board Charter is reviewed periodically to ensure its relevance with the latest statutory and regulatory requirements, as well as the Company's operational and business direction. The Board Charter was last updated in July 2016.

2. Strengthen Composition

2.1 Nomination Committee ("NC")

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

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

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

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

The NC had held one (1) meeting during the financial year ended 31 March 2017 which were attended by all members.

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

(a) Recruitment or New Appointment of Directors

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

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

(b) Gender Diversity Policy

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

(d) **Annual Assessment**
During the financial year, the NC conducted a meeting on 13 July 2017 to carry out its annual appraisal on the effectiveness of the Board, its Committees, the contribution of each director and the independence of the Independent Directors.

The annual appraisal was conducted via questionnaires.

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

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

2.3 Directors' Remuneration

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

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

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

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held one (1) meeting during the financial year ended 31 March 2017 which was attended by all the members.

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

The details of the Directors' remuneration from the Group for the financial year ended 31 March 2017 are as follows:-

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

	Fees RM'000	Salaries & other emoluments RM'000	Benefit in Kind RM'000	Total RM'000
Executive Directors	109,000	428,283	-	537,283
Non-Executive Directors	165,000	93,875	-	258,875

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

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

3. **Reinforce Independence**

3.1 Annual Assessment of Independence

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

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

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

3.2 Tenure of Independent Directors

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

As at the date of this statement, two of its existing Independent Directors namely Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong have served for more than nine (9) years. The Board, through the NC, has assessed, reviewed and determined that they have both remain objective and independent. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Board believes that the Group benefits from long serving Directors, who possess detailed knowledge of the Group's business and have proven commitment, experience and competence for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the coming AGM for them to continue in office as Independent Directors.

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

The Chairman and MD are not related to each other. Their roles are kept separate to ensure a clear division of responsibilities, increased accountability and a greater capacity of the Board for independent decision-making. Board Chairman is responsible for the leadership and management of the Board and the orderly conduct and working of the Board.

The Managing Director is familiar with the performance and operations of the company's business and also understands the matters affecting the industry and the company in general. All major matters and issues are referred to the Board for consideration and approval.

3.4 Composition of the Board

As at the financial year ended 31 March 2017, the Board is made up of one (1) Managing Director, one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors and two (2) Alternate Directors. The composition of the Board complies with paragraph 15.02 of the Listing Requirements of Bursa Securities.

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

A brief profile of each Director is presented on pages 6 to 8 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

4. **Foster Commitment**

4.1 Time Commitment

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board and Board Committee Meetings held during the financial year ended 31 March 2017, as reflected below:-

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

**Reflect the number of meetings held during the director's tenure of office*
#Attended by invitation
N/A - Not Applicable

4.2 Directors' Training

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

During the financial year ended 31 March 2017, the Directors have attended the following training:-

Director	Training	Date Attended
Lim Guan Lee	Leadership For Managers	22 March 2017
You Tong Lioung @ Yew Tong Leong	Breakfast Talk on "How to Leverage On AGMs For Better Engagement With Shareholders'	18 November 2016
Tuan Haji Ir. Yusoff bin Daud	Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility and Resilience	2 February 2017
Song Kok Cheong	Leadership For Managers	22 March 2017
Tham Kut Cheong	Leadership For Managers	22 March 2017
Song Hsiao May *(Alternate Director to Song Kok Cheong)*	Leadership For Managers	22 March 2017
Lim Soek Fun *(Alternate Director to Lim Guan Lee)*	Leadership For Managers	22 March 2017

5. **Uphold Integrity In Financial Reporting**

5.1 Compliance With Applicable Financial Reporting Standards

The Directors are responsible for the preparation and fair presentation of the financial statements for each financial year in accordance with applicable Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

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

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

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

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

The Audit Committee had met with the external auditors once during the financial year under review without the presence of executive members of the Board.

The Audit Committee, had on 13 July 2017, deliberated on the re-appointment of Messrs. UHY as its External Auditors, which included amongst others, an assessment on the engagement teams' qualification, credentials and experience; its audit approach; the audit firm's professional standing and reputation as well as cost. The Audit Committee has reviewed the independence of the External Auditors, via amongst others, an annual review of the non-audit services rendered by the External Auditors and the related amount of fees. The Audit Committee had also obtained assurance from the External Auditors confirming their independence throughout the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee Report covering its terms of reference, composition, activities and attendance of the members are reported separately on pages 25 to 28.

6. Recognise And Manage Risks

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

6.2 Internal Audit Function
The internal audit function is outsourced to an independent internal audit service company. The Audit Committee reviews and approves the internal audit plan, which is developed based on the key risk areas and major operating units of the Group. Audit reviews were carried out on quarterly basis and audit findings were reported to the Audit Committee. Further details of the activities of the internal audit function are set out in the Audit Committee Report on page 28 of this Annual Report.

The Statement of Risk Management and Internal Control furnished on pages 29 to 30 of this Annual Report provides an overview on the state of internal controls within the Group.

7. Ensure Timely and High Quality Disclosure

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

7.2 Leverage on Information Technology For Effective Dissemination of Information
The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

CORPORATE GOVERNANCE STATEMENT

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

8. Strengthen Relationship Between Company and Shareholders

8.1 Encourage Shareholder Participation At General Meetings

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

The Notice of AGM and the Annual Report are circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Notice of the AGM is also advertised in a local daily newspaper. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. In line with Paragraph 8.29A of the Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of the last AGM were put to vote by poll. The outcome of the AGM was announced to Bursa on the same meeting day.

8.2 Encourage Poll Voting

Shareholders are informed of their voting rights and the proper procedure for poll voting at the commencement of the meeting. With effect from 1 July 2016, all resolutions set out in the notice of general meetings is to be voted by poll. Independent Scrutineers will be appointed to observe the poll voting process to ensure voting procedures are carried out properly by the poll administrator and verify the results of poll voting prior to declaration of result by the Chairman.

8.3 Effective Communication And Proactive Engagement

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

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

Statement of Directors' Responsibility for Preparation of the Financial Statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year ended on that date.

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

- Applied appropriate and relevant accounting policies consistently;
- Ensure compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016;
- Made estimates and judgments which are reasonable and prudent; and
- Ensure the financial statements have been prepared on a going concern basis.

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

This statement was made in accordance with a resolution of the Board dated 13 July 2017.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee of Toyo Ink Group Berhad was established on 28 August 2003. For the financial year ended 31 March 2017, the Audit Committee comprises the following directors:-

Chairman

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

Members

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

SUMMARY OF THE TERMS OF TERMS OF REFERENCE

1) MEMBERSHIP

1.1) The Committee shall be appointed by the Board from amongst the directors of the Company and shall be composed exclusively of Non-Executive Directors of no fewer than three members, of whom the majority shall be independent.

1.2) The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

1.3) No alternate director shall be appointed as a member of the Committee.

1.4) The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.

1.5) If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Bursa Securities are breached, the Board shall, within three months of the event, appoint such number of new members as may be required to correct the breach.

1.6) The Nomination Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the Terms of Reference.

2) AUTHORITY

2.1) The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

(a) investigate any activity within the Committee's terms of reference;

(b) have resources which are reasonably required to enable it to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Company or its subsidiaries;

(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;

(e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and

(f) convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT

3) **FUNCTIONS AND RESPONSIBILITIES**

3.1) The functions of the Committee shall be, amongst others, to review the following and report the same to the Board:-

(a) with the External Auditors, the scope of the audit and the audit plan;

(b) with the External Auditors, their evaluation of the system of internal controls;

(c) with the External Auditors, their management letter and the management's response;

(d) with the External Auditors, their audit report;

(e) the assistance given by the employees to the External Auditors;

(f) the nomination or re-appointment of the External Auditors and their audit fees as well as matters pertaining to resignation or change of the External Auditors;

(g) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(h) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(i) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

(i) any changes in or implementation of major accounting policy changes;
(ii) significant adjustments arising from the audit;
(iii) significant and unusual events;
(iv) the going concern assumption; and
(v) compliance with accounting standards and other legal requirements;

(j) any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(k) any other matters as directed by the Board.

3.2) The Committee shall establish an internal audit function which is independent of the activities it audits.

3.3) The Committee shall oversee the internal audit function and is authorised to commission investigations to be conducted by internal audit as it deems fit.

3.4) The Internal Auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

3.5) All proposals by management regarding the appointment, transfer or dismissal of the Internal Auditor shall require the prior approval of the Committee.

4) **QUORUM, ATTENDANCE AND FREQUENCY OF MEETINGS**

4.1) The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

4.2) The Head of Finance, the Head of Internal Audit and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting upon the invitation of the Audit Committee, specific to the relevant meeting. However, at least twice a year the Committee shall meet with the External Auditors without executive Board members present.

4.3) The Chairman shall call for meetings, to be held not less than four times a year. The External Auditors may request a meeting if they consider one necessary.

5) REPORTING PROCEDURES

5.1) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.

5.2) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's annual report.

5.3) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

AUDIT COMMITTEE MEETINGS

The Audit Committee met five (5) times during the financial year ended 31 March 2017. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2017

During the financial year ended 31 March 2017 the activities of the Audit Committee included the following:-

(a) reviewed the unaudited quarterly financial results for the financial quarter ended 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017 and announcements for the financial quarters prior to submission to the Board of Directors for consideration and approval to release to Bursa Malaysia Securities Berhad ("Bursa Securities");

(b) reviewed the audited financial statements for the year ended 31 March 2017;

(c) reviewed the external auditors' audit planning memorandum, to discuss their audit materiality, audit timeframe and statutory timeline, scope of work, fraud and related party transactions considerations and the new accounting standards prior to commencement of their annual audit for the financial year ended 31 March 2017;

(d) discussed with external auditors the findings of auditors' report arising from the audit of the Group's financial statements and the management's response;

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

(f) considered the audit fee payable and the nomination of the External Auditors for recommendation to the Board for appointment;

(g) reviewed the assistance and cooperation given by the employees to the External Auditors in respect of the audit for the financial year ended 31 March 2017;

(h) met with the External Auditors once on 30 May 2016 in the absence of the executive Board members;

(i) reviewed internal audit reports prepared by the Internal Auditor on the Company and its subsidiaries and management implementation of audit recommendations;

(j) reviewed the internal audit plan for 2016 to 2018 outlining its scope and focus; and

(k) reviewed the disclosure statements on Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control for the year ended 31 March 2017 and recommended their adoption to the Board.

INTERNAL AUDIT FUNCTION

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

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2017 is RM71,000.00.

The principal responsibility of the internal audit function is to undertake regular and systematic review of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The internal auditors undertake internal audit function based on the audit plan that was reviewed and approved by the Audit Committee.

During the financial year under review, the internal auditors have conducted audit on selected subsidiaries and key functions and reported their findings and recommendations to the Audit Committee. These internal audit reports together with responses by management were circulated to all members of the Audit Committee.

The internal auditor reviews conducted include Internal Audit Report on Toyo Ink (Perak) Sdn. Bhd., Internal Audit Report on Human Resource Function and Sales and Marketing Function in Toyo Ink Sdn. Bhd. All internal audit reports were discussed at Audit Committee Meetings and recommendations were duly acted upon by the management. Areas of improvement identified and timelines for the outstanding matters to be resolved were communicated to the management for further action.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORKS

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

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

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

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

The quality management systems namely the ISO 9001:2008 and ISO14001:2004 are adopted in key subsidiaries of the Group. These quality management systems form the guiding principles for the operation procedures. Third party surveillance audits are carried out by external certification body on an annual basis to ensure the compliance with ISO requirements. Toyo Ink Sdn. Bhd. continues to be certified for both ISO 9001:2008 and ISO14001:2004 quality management systems while Inmac EDM-Tools (M) Sdn. Bhd. and Elo Dunia Manufacturing (M) Sdn. Bhd. are ISO 9001:2008 certified.

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

i. Defined authority and responsibility for each functional division and process and procedure for core business activities;

ii. Limit of authority and approval facilitating delegation of authority;

iii. informal meetings and discussions are held by the directors and management team members to monitor and ensure that businesses are under control and corporate targets and objectives are achieved;

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

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MANAGEMENT ACCOUNTABILITY AND ASSURANCE

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

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

BOARD ASSURANCE AND LIMITATION

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

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

Review of Statement on Internal Control by External Auditors

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 March 2017. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Nonetheless, RPG 5 does not require the External Auditors to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control system.

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

The statement is made in accordance with a resolution of the Board dated 13th July 2017.

STATEMENT ON CORPORATE SUSTAINABILITY

Policy Statement

The Board of Directors acknowledges the importance of Business and Corporate Sustainability. This approach towards our day-to-day business decision making will generate long term business continuity bringing prosperity to our business associates, employees and the community that we operate in.

The policy is applicable to all companies within the Group.

Objective of the Policy

The objectives of the policy are as follow:-

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

Scope of the Policy

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

- Comply with the applicable rules and regulations as well as best industrial;
- The adoption of high standards of governance and a code of ethics and conduct to promote transparency and accountability in every sphere of our operations;
- Manage human resources by maintaining workforce capabilities and employee satisfaction through continuous organizational learning, on-the-job training, safety and health practices and vibrant workplace;
- Ensure product and service innovation and development by utilization of available technology and human resources in effective, efficient, economic and environmentally friendly manner; and
- Take into consideration environmental, economic and social factors in all corporate decision making.

Execution

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

CORPORATE SOCIAL RESPONSIBILITY

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

Towards this end management has identified a worthwhile cause and made a donation to PERSATUAN ORANG-ORANG CACAT ANGGOTA MALAYSIA. It is our fervent hope that every small gesture will go towards further improvements to the services that can be provided to the less fortunate in our society.

Review of the Policy

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

ADDITIONAL COMPLIANCE INFORMATION

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

Audit and Non-Audit fees
Non-audit fees paid to the external auditors of the Group for the financial year ended 31 March 2017 amounted to RM5,000.00.

Revaluation Policy
The Group has no revaluation policy on landed properties.

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

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

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

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

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

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

Financial Results

	Group (RM)	Company (RM)
Loss for the financial year	7,658,035	242,367
Attributable to:		
Owners of the Parent	7,422,597	242,367
Non-controlling interests	235,438	-
	7,658,035	242,367

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

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

Issue of Shares and Debentures
There was no issuance of shares or debentures during the financial year.

Options Granted Over Unissued Shares
No options were granted to any person to take up unissued shares of the Company during the financial year.

Warrant 2013/2018
On 30 April 2013, 42,800,000 warrants ("Warrants") issued pursuant to the Rights Issue with Warrants on the basis of one (1) free Warrant for every one (1) Rights Shares subscribed were listed and quoted on the Main Market of Bursa Securities.

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

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

The salient features of the Warrants and outstanding at the end of the financial year are disclosed in Note 17(b) to the financial statements.

As of 31 March 2017, 42,800,000 Warrants remained unexercised.

Directors
The Directors in office during the financial year until the date of this report are:

Tuan Haji Ir. Yusoff Bin Daud
Song Kok Cheong
Lim Guan Lee
Tham Kut Cheong
You Tong Lioung @ Yew Tong Leong
Lim Soek Fun (Lin Shufen) *(Alternate Director to Lim Guan Lee)*
Song Hsiao May *(Alternate Director to Song Kok Cheong)*

DIRECTORS' REPORT

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

	Number of ordinary shares			
	AT 1.4.2016	Bought	Sold	AT 31.3.2017
Interests in the Company				
Direct Interests:				
Tuan Hj. Ir. Yusoff Bin Daud	230,964	-	-	230,964
Song Kok Cheong	11,477,525	-	-	11,477,525
Lim Guan Lee	11,448,204	-	-	11,448,204
Song Hsiao May *(Alternate Director to Song Kok Cheong)*	100,000	-	-	100,000
Indirect Interests:				
Song Kok Cheong *	391,726	-	-	391,726
Lim Guan Lee **	119,000	-	-	119,000

	Number of Warrants 2013/2018			
	AT 1.4.2016	Bought	Sold	AT 31.3.2017
Interests in the Company				
Direct Interests:				
Tuan Hj. Ir. Yusoff Bin Daud	100,000	-	-	100,000
Song Kok Cheong	4,352,400	-	(4,352,400)	-
Lim Guan Lee	4,579,281	-	-	4,579,281
Song Hsiao May *(Alternate Director to Song Kok Cheong)*	40,000	-	-	40,000
Indirect Interest:				
Song Kok Cheong *	157,000	-	-	157,000

* Deemed interest by virtue of shares and warrants held by spouse/children.
** Deemed interest by virtue of the shareholdings in Lim Keenly Investments Pte. Ltd..

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

Directors' Benefits
Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 26 and 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

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

DIRECTORS' REPORT

Other Statutory Information

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

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and no allowance for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(i) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

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

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

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

Auditors' Remuneration

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

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 July 2017

SONG KOK CHEONG

THAM KUT CHEONG

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 96 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 37 to the financial statements on page 97 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 July 2017

SONG KOK CHEONG	THAM KUT CHEONG

KUALA LUMPUR

STATUTORY DECLARATION

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

I, SONG KOK CHEONG, being the Director primarily responsible for the financial management of TOYO INK GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 42 to 97 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 20 July 2017.)

SONG KOK CHEONG

Before me,

No. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of Toyo Ink Group Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 96.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Requirements

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

Emphasis of Matter

We draw attention to Note 8 to the financial statements which disclosed the current status of the 2 x 1060 megawatt Song Hau 2 Thermal Power Plant Project ("the Project").

The Project has commenced since the financial year 2008. Incidental costs made for the project has been accumulated to RM307,356,793 as at 31 March 2017.

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

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

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

The ultimate outcome of the Project is dependent on the issuance of the Investment Certificate to incorporate a Vietnam registered company and signing of the BOT agreement, Coal Supply agreement, Land Lease Agreement, Power Purchase Agreement and other relevant agreements ("relevant agreements") with the respective authorities and government agencies of Vietnam. The Company is in the midst of finalisation of the relevant agreements as of the date of this report.

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters	How we addressed the key audit matters
Impairment assessment on goodwill The Group's goodwill balance as at 31 March 2017 stood at RM8,738,642. On an annual basis, The management is required to perform an impairment assessment on goodwill. Based on the annual assessment, the management has concluded that the impairment losses of RM8,757,670 were adequately provided during the financial year. This conclusion was based on value-in-use model that required significant management judgement with respect to the discount rate and the underlying cash flows, in particular future revenue growth.	Our procedures in relation to management's impairment assessment included: We examined the cash flow projections which support management's goodwill impairment assessment. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budgets, and comparing expected growth rates to relevant market expectations and historical trends. We evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. We assessed the adequacy and reasonableness of the disclosures in the financial statements.
Deferred expenditures Deferred expenditures of RM307,356,793 as at 31 March 2017 relate to expenditures incurred in securing the proposed development project of the thermal power plant in Vietnam. Management has assessed the appropriateness of expenditure being capitalised and recoverability of the deferred expenditures. This involved significant management judgment about the future performance and viability of the project.	Our procedures in relation to the deferred expenditures included: We evaluated the nature of the expenditures incurred and assessed the appropriateness of capitalisation of the expenditures. We tested on a sample basis, by verifying the cost incurred such as consultancy services and overhead costs to relevant agreements, contracts, meeting minutes and invoices. We have reviewed the project budget approved by the management and the future expected cash inflow from the project to justify the recoverability of total project cost. We have learnt and discussed with the relevant consultants and lawyers on the progress and status of the key project agreements. We evaluating management's conclusion that the deferred expenditure is likely to be recovered over periods by discussing the issue with the management and obtaining an understanding of their communications with the Vietnam authority in relation to the progress of the project. We have performed site visit during recent meeting between the management and the relevant authorities.

Information Other than the Financial Statements and Auditors' Report Thereon
The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Reporting Responsibilities
The supplementary information set out in Note 37 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG LEONG TECK
Approved Number: 3168/12/17 (J)
Chartered Accountant

KUALA LUMPUR

20 July 2017

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-Current Assets					
Property, plant and equipment	4	32,956,623	36,081,726	-	-
Investment in subsidiary companies	5	-	-	31,611,684	31,611,684
Investment in an associate company	6	649,014	478,145	-	-
Goodwill on consolidation	7	8,738,642	17,496,312	-	-
Deferred expenditures	8	307,356,793	228,831,521	-	-
		349,701,072	282,887,704	31,611,684	31,611,684
Current Assets					
Inventories	9	12,472,839	13,642,857	-	-
Trade receivables	10	17,015,762	20,190,707	-	-
Other receivables	11	2,007,292	1,477,169	3,788	3,788
Amount owing by a subsidiary company	12	-	-	75,034,781	75,191,652
Tax recoverable		219,576	304,755	-	-
Fixed deposit with a licensed bank	13	20,064	19,515	-	-
Cash and bank balances		5,136,931	3,491,373	23,186	4,472
		36,872,464	39,126,376	75,061,755	75,199,912
Non-current assets classifed as held for sale	14	164,660	-	-	-
Assets included in disposal group classifed as held for sale	15	3,086,664	-	-	-
		40,123,788	39,126,376	75,061,755	75,199,912
Total Assets		389,824,860	322,014,080	106,673,439	106,811,596
Equity					
Share capital	16	98,868,000	98,868,000	98,868,000	98,868,000
Reserves	17	17,673,800	25,076,666	7,533,944	7,776,311
Reserves of disposal group classified as held for sale	15	268,271	-	-	-
Equity attributable to owners of the parent		116,810,071	123,944,666	106,401,944	106,644,311
Non-controlling interests		3,029,023	2,990,490	-	-
Total Equity		119,839,094	126,935,156	106,401,944	106,644,311
Non-Current Liabilities					
Other payables	18	229,765,600	152,045,600	-	-
Finance lease liabilities	19	90,478	68,490	-	-
Bank borrowings	20	7,982,844	8,497,324	-	-
Deferred tax liabilities	21	1,141,570	1,208,912	-	-
		238,980,492	161,820,326	-	-

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Current Liabilities					
Trade payables	22	10,147,187	9,038,278	-	-
Other payables	18	5,300,367	4,742,195	111,765	82,221
Amount owing to Directors	23	230,000	132,920	150,000	72,920
Finance lease liabilities	19	51,222	54,743	-	-
Bank borrowings	20	14,959,307	18,526,528	-	-
Tax payables		193,008	763,934	9,730	12,144
		30,881,091	33,258,598	271,495	167,285
Liabilities included in disposal group classified as held for sale	15	124,183	-	-	-
		31,005,274	33,258,598	271,495	167,285
Total Liabilities		269,985,766	195,078,924	271,495	167,285
Total Equity and Liabilities		389,824,860	322,014,080	106,673,439	106,811,596

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	24	79,701,452	81,740,840	240,000	240,000
Cost of sales		(62,801,310)	(64,553,854)	-	-
Gross profit		16,900,142	17,186,986	240,000	240,000
Other income		1,515,550	1,878,056	-	-
Selling and distribution costs		(7,800,763)	(7,554,439)	-	-
Administrative expenses		(16,510,948)	(8,420,951)	(462,621)	(522,366)
(Loss)/Profit from operations		(5,896,019)	3,089,652	(222,621)	(282,366)
Finance costs	25	(1,434,182)	(1,563,212)	-	-
Share of results of associate company		170,869	(3,166)	-	-
(Loss)/Profit before tax	26	(7,159,332)	1,523,274	(222,621)	(282,366)
Taxation	27	(498,703)	(684,945)	(19,746)	(32,959)
(Loss)/Profit for the financial year		(7,658,035)	838,329	(242,367)	(315,325)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Exchange translation differences for foreign operations		561,973	3,188	-	-
Total comprehensive (loss)/income for the financial year		(7,096,062)	841,517	(242,367)	(315,325)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(7,422,597)	1,473,033	(242,367)	(315,325)
Non-controlling interests		(235,438)	(634,704)	-	-
		(7,658,035)	838,329	(242,367)	(315,325)
Total compresensive (loss)/income attributable to:					
Owners of the parent		(7,134,595)	1,492,437	(242,367)	(315,325)
Non-controlling interests		38,533	(650,920)	-	-
		(7,096,062)	841,517	(242,367)	(315,325)
(Loss)/Earnings per share (sen)					
Basic	28(a)	(6.94)	1.38		
Diluted	28(b)	N/A	N/A		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to Owners of the Company							
	Non-distributable				Distributable			
Group	Share Capital RM	Warrant Reserve RM	Translation Reserve RM	Reserve of Disposal Group Classified as Held for Sale RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
At 1 April 2015	98,868,000	8,132,000	136,832	-	15,315,397	122,452,229	3,641,410	126,093,639
Net profit for the financial year	-	-	-	-	1,473,033	1,473,033	(634,704)	838,329
Exchange translation differences for foreign operations	-	-	19,404	-	-	19,404	(16,216)	3,188
Total comprehensive income/(loss) for the financial year	-	-	19,404	-	1,473,033	1,492,437	(650,920)	841,517
At 31 March 2016	98,868,000	8,132,000	156,236	-	16,788,430	123,944,666	2,990,490	126,935,156
At 1 April 2016	98,868,000	8,132,000	156,236	-	16,788,430	123,944,666	2,990,490	126,935,156
Net loss for the financial year	-	-	-	-	(7,422,597)	(7,422,597)	(235,438)	(7,658,035)
Exchange translation differences for foreign operations	-	-	288,002	-	-	288,002	273,971	561,973
Total comprehensive income/(loss) for the financial year	-	-	288,002	-	(7,422,597)	(7,134,595)	38,533	(7,096,062)
Reclassification of translation reserve to reserve of disposal group classified as held for sale	-	-	(268,271)	268,271	-	-	-	-
At 31 March 2017	98,868,000	8,132,000	175,967	268,271	9,365,833	116,810,071	3,029,023	119,839,094

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to Owners of the Company			
	Non-distributable			
Company	Share Capital RM	Warrant Reserve RM	Accumulated losses RM	Total Equity RM
At 1 April 2015	98,868,000	8,132,000	(40,364)	106,959,636
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	(315,325)	(315,325)
At 31 March 2016	98,868,000	8,132,000	(355,689)	106,644,311
At 1 April 2016	98,868,000	8,132,000	(355,689)	106,644,311
Net loss for the financial year, representing total comprehensive loss for the financial year	-	-	(242,367)	(242,367)
At 31 March 2017	98,868,000	8,132,000	(598,056)	106,401,944

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(7,159,332)	1,523,274	(222,621)	(282,366)
Adjustments for:				
Bad debts written off	4,744	4,164	-	-
Depreciation of property, plant and equipment	1,755,611	2,007,600	-	-
Gain on disposal of property, plant and equipment	(534,792)	(273,743)	-	-
Impairment loss of goodwill	8,757,670	-		
Impairment loss on trade receivables	-	17,650	-	-
Loss recognised on non-current assets classified as held for sale for remeasurement of fair value less cost to sell	351,675	-	-	-
Interest expense	1,434,182	1,563,212	-	-
Interest income	(7,487)	(2,499)	-	-
Inventories written down	373,415	97,313	-	-
Property, plant and equipment written off	24,706	52,313	-	-
Reversal of impairment loss on trade receivables	(17,650)	-		
Share of results of associate company	(170,869)	3,166	-	-
Unrealised (gain)/loss on foreign exchange	(257,354)	143,126	-	-
Operating profit/(loss) before working capital changes	4,554,519	5,135,576	(222,621)	(282,366)
Changes in working capital:				
Inventories	287,346	(744,113)	-	-
Trade receivables	2,963,423	(1,613,827)	-	-
Other receivables	(998,554)	1,682,651	-	1,212
Trade payables	1,056,006	(3,067,849)	-	-
Other payables	665,350	2,425,016	29,544	(14,080)
Directors	97,080	(144,920)	77,080	(72,920)
Subsidiary company	-	-	156,871	373,421
	4,070,651	(1,463,042)	263,495	287,633
Cash generated from operations	8,625,170	3,672,534	40,874	5,267

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Interest paid		(1,434,182)	(1,563,212)	-	-
Interest received		7,487	2,499	-	-
Tax paid		(1,176,891)	(1,621,909)	(22,160)	(24,990)
Tax refund		32,199	250,605	-	431
		(2,571,387)	(2,932,017)	(22,160)	(24,559)
Net cash from/(used in) operating activities		6,053,783	740,517	18,714	(19,292)
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4(d)	(430,079)	(1,758,311)	-	-
Addition to deferred expenditures		(78,525,272)	(78,055,362)	-	-
Proceeds from disposal of property, plant and equipment		1,385,559	747,553	-	-
Net cash used in investing activities		(77,569,792)	(79,066,120)	-	-
Cash Flows From Financing Activities					
Advances from other payables		77,720,000	81,255,000	-	-
Net changes in bankers' acceptance		(1,144,929)	(1,352,637)	-	-
Repayment of finance lease liabilities		(66,533)	(80,632)	-	-
Repayment of term loans		(481,912)	(526,016)	-	-
Increased in pledged deposits		(549)	(584)		
Net cash from financing activities		76,026,077	79,295,131	-	-
Net increase/(decrease) in cash and cash equivalents		4,510,068	969,528	18,714	(19,292)
Effect of exchange rate fluctuation		446,977	(66,262)	-	-
Cash and cash equivalents at beginning of the financial year		(4,405,786)	(5,309,052)	4,472	23,764
Cash and cash equivalents at end of the financial year		551,259	(4,405,786)	23,186	4,472
Cash and cash equivalents at end of the financial year comprise:					
Cash and bank balances		5,993,558	3,491,373	23,186	4,472
Fixed deposits with a licensed bank		20,064	19,515	-	-
Bank overdrafts		(5,442,299)	(7,897,159)	-	-
		571,323	(4,386,271)	23,186	4,472
Less: Fixed deposit pledged with a licensed bank		(20,064)	(19,515)	-	-
		551,259	(4,405,786)	23,186	4,472

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

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

2. Basis of Preparation

(a) Statement of compliance

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

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

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

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012-2014 Cycle	

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

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRS 2014-2016 Cycle:		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

2(a) **Standards issued but not yet effective (cont'd)**

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

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

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

<u>MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)</u>
MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

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

<u>MFRS 15 *Revenue from Contracts with Customers*</u>
MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

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

2(a) Standards issued but not yet effective (cont'd)

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

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

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

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

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

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

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4)
The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

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

Inventories valuation
Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

2(c) Significant accounting judgements, estimates and assumptions (cont'd)

could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2017, the Group has tax recoverable and payable of RM219,576 (2016:RM304,755) and RM193,008 (2016: RM 763,934) respectively.

3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

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

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

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

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

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

3. **Significant Accounting Policies (cont'd)**

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

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

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

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

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

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

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

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

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

In the Company's separate financial statements, investment in associate company is stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal

3. Significant Accounting Policies (cont'd)

proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(c) Foreign currency translation

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

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

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

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

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

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

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

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property

3. **Significant Accounting Policies (cont'd)**

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

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

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

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

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

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

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

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

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

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

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

(i) Finance lease
Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

3. **Significant Accounting Policies (cont'd)**

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(g) Financial assets

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

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

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

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

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

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

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

(h) Financial liabilities

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

Financial liabilities are recognised on the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instrument.
The Group and the Company classify its financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

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

3. **Significant Accounting Policies (cont'd)**

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

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

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

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

(i) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

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

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

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

(l) Impairment of assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

3. Significant Accounting Policies (cont'd)

of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and associate company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

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

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

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

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

(m) Share capital

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

3. **Significant Accounting Policies (cont'd)**

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

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

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

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

(o) Employee benefits

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

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

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

(p) Revenue

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

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

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

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

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

3. Significant Accounting Policies (cont'd)

suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(r) Income taxes
Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Segments reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies
Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(u) Non-current assets (or disposal groups) held for sale
Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

4. Property, Plant and Equipment

Group 2017 At cost	Freehold land and buildings RM	Leasehold land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings, renovation and signboard RM	Capital work-in-progress RM	Total RM
At 1 April 2016	17,406,253	17,170,279	20,888,593	1,125,010	2,015,636	3,836,972	-	62,442,743
Additions	-	-	233,774	152,516	90,620	38,169	-	515,079
Disposals	-	-	(3,584,932)	(106,558)	(92,019)	(26,582)	-	(3,810,091)
Written off	-	-	(1,254,868)	(1)	(228,058)	(846,401)	-	(2,329,328)
Reclassified to non-current assets held for sale (Note 14)	-	(205,491)	-	-	-	-	-	(205,491)
Reclassified to assets of disposal group held for sale (Note 15)	-	-	(875,402)	-	(32,622)	(810,313)	-	(1,718,337)
Effects of movement in exchange rate	-	-	301,517	-	16,532	126,214	-	444,263
At 31 March 2017	17,406,253	16,964,788	15,708,682	1,170,967	1,770,089	2,318,059	-	55,338,838
Accumulated depreciation								
At 1 April 2016	391,658	3,463,463	16,865,569	953,222	1,738,323	2,948,782	-	26,361,017
Charge for the financial year	30,735	295,606	1,039,830	104,049	137,410	147,981	-	1,755,611
Disposals	-	-	(2,747,989)	(106,558)	(79,062)	(25,715)	-	(2,959,324)
Written off	-	-	(1,240,167)	-	(224,539)	(839,916)	-	(2,304,622)
Reclassified to non-current assets held for sale (Note 14)	-	(40,831)	-	-	-	-	-	(40,831)
Reclassified to assets of disposal group held for sale (Note 15)	-	-	(279,760)	-	(29,784)	(254,828)	-	(564,372)
Effects of movement in exchange rate	-	-	88,912	-	11,843	33,981	-	134,736
At 31 March 2017	422,393	3,718,238	13,726,395	950,713	1,554,191	2,010,285	-	22,382,215
Carrying amount								
At 31 March 2017	16,983,860	13,246,550	1,982,287	220,254	215,898	307,774	-	32,956,623

4. **Property, Plant and Equipment (cont'd)**

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

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

(a) The carrying amount of property, plant and equipment of the Group pledged as securities to licensed banks for banking facilities granted to certain subsidiary companies as disclosed in Note 20 are as follows:

	Group	
	2017 RM	**2016 RM**
Freehold land and buildings	16,483,859	16,514,595
Leasehold land and buildings	13,246,550	13,252,487
	29,730,409	29,767,082

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

	Group	
	2017 RM	**2016 RM**
Motor vehicles	126,300	142,794

(c) The remaining lease term of the leasehold land and buildings of the Group range from 58 to 82 (2016: 59 to 83) years.

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

	Group	
	2017 RM	**2016 RM**
Aggregate costs	515,079	2,654,811
Less: Term loans financing	-	(896,500)
Less: Finance lease financing	(85,000)	-
Cash payment	430,079	1,758,311

(e) The capital work-in-progress is in respect of the costs incurred on infrastructure work and freehold land acquired by the certain subsidiary companies. The construction has been completed in the previous financial year. The purchase of the freehold land was financed by term loans facility from licensed banks. The amount of borrowing costs capitalised during the financial year was Nil (2016: RM96,962).

5. Investment in Subsidiary Companies

	Company	
In Malaysia: At cost	**2017 RM**	**2016 RM**
Unquoted share	31,611,684	31,611,684

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

5. Investment in Subsidiary Companies (cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Direct subsidiary company				
*Toyo Ink Sdn. Bhd. ("TISB")	Malaysia	100	100	Investment holding and ink manufacturer and undertake investment, implementation and operating of power plant business.
Subsidiary companies of TISB				
Toyo Photo Products Sdn. Bhd.	Malaysia	100	100	Dealers of graphic art, films, chemicals, machineries and equipment for litography and allied industries.
Toyo Dai-Nichi Ink Sdn. Bhd.	Malaysia	60	60	Manufacturers and dealers of printing ink and other printing materials.
Toyo Ink (Perak) Sdn. Bhd.	Malaysia	100	100	Suppliers, distributors and dealers of printing ink, colour pigment, colourants for plastic and other printing materials.
Toyo Ink (Penang) Sdn. Bhd.	Malaysia	100	100	Suppliers, distributors and dealers of printing ink, colour pigment, colourants for plastic and other printing materials.
Toyo Ink (Melaka) Sdn. Bhd.	Malaysia	100	100	Suppliers, distributors and dealers of printing ink, colour pigment, colourants for plastic and other printing materials.
EDM-Tools (M) Sdn. Bhd. ("ETSB")	Malaysia	100	100	Sales and distributions of electrical discharge machining tools.
Elo Dunia Manufacturing (M) Sdn. Bhd. ("EDMSB")	Malaysia	100	100	Manufacturing and fabrication of metal and graphite parts.
INMAC EDM-Tools (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of EDM cut-wire.
EDM-Tools (Penang) Sdn. Bhd.	Malaysia	100	100	Dealers of all kinds of engineering and aviation equipment, accessories and attachments.
Subsidiary companies of EDMSB				
Toyo Laser Technology Sdn. Bhd.	Malaysia	100	100	Sales and distributions of machinery and machine parts.
^ PT Elo Dunia Manufacturing Indonesia ("PTEDMI")#	Republic of Indonesia	51	51	CNC machining of Graphite EDM Electrodes, Copper EDM Electrodes, selling graphite materials and 3D profile metal components.

5. Investment in Subsidiary Companies (cont'd)

Name of company	Country of incorporation	Effective equity interest 2017 %	2016 %	Principal activities
Subsidiary company of ETSB				
^ EDM-Tools (S) Pte. Ltd. ("ETSPL")	Republic of Singapore	100	100	Sales and distributions of electrical discharge machining tools. De-registration in subsequent year.

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

The shares held in these subsidiary companies are pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 20 and registered in the name of Amsec Nominees (Tempatan) Sdn. Bhd.

^ Subsidiary companies not audited by UHY.

The auditors' report of PTEDMI contains a disclaimer of opinion due to the uncertainty on the ability to continue as a going concern. As disclosed in Note 15, this subsidiary company was reclassified as held for sale in financial year ended 31 March 2017.

(a) Material partly-owned subsidiary companies
Set out below are the Group's subsidiary companies that have material non-controlling interests:

	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of company	**2017 %**	**2016 %**	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
TDISB	40	40	(17,953)	(424,616)	1,473,073	1,491,026
PTEDMI	49	49	56,486	(226,304)	1,555,950	1,499,464
					3,029,023	2,990,490

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

(i) Summarised statements of financial position

	TDISB		PTEDMI	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Non-current assets	1,664,824	1,898,796	1,153,965	1,774,991
Current assets	1,997,714	5,590,829	2,284,373	1,871,792
Non-current liabilities	-	-	(17,271)	-
Current liabilities	(107,705)	(3,889,907)	(106,912)	(447,905)
Net assets	3,554,833	3,599,718	3,314,155	3,198,878

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

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

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

	TDISB		PTEDMI	
	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	240,820	5,766,935	1,399,604	1,690,499
Loss for the financial year	(44,884)	(1,061,539)	(443,845)	(428,751)
Other comprehensive income/ (loss)	-	-	559,124	(33,094)
Total comprehensive (loss)/ income for the financial year	(44,884)	(1,061,539)	115,279	(461,845)

(iii) Summarised statements of cash flows

	TDISB		PTEDMI	
	2017 RM	2016 RM	2017 RM	2016 RM
Net cash from/(used in) operating activities	1,609,810	103,967	(631,404)	89,996
Net cash from investing activities	685,900	-	584,179	28,843
Net cash used in financing activities	(1,005,000)	(386,000)	-	-
Net increase/(decrease) in cash and cash equivalents	1,290,710	(282,033)	(47,225)	118,839

(b) Acquisition of non-controlling interests

On 15 February 2017, the subsidiary company of the Company, Toyo Ink Sdn. Bhd. entered into a Share Sale Agreement ("SSA") with minority shareholder to acquire additional 40% equity interest in Toyo Dai-Nichi Ink Sdn. Bhd. for RM1,000,000 in cash, increasing its ownership from 60% to 100%. As at 31 March 2017, the Conditions Precedent as set out in the SSA have yet to be fulfilled.

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

6. **Investment in an Associate Company**

	Group	
	2017 RM	2016 RM
At cost		
Unquoted shares outside Malaysia	309,751	309,751
Share of post-acquisition results	120,801	(50,068)
Adjustment for exchange gain arising on year end translation of investment in foreign associated company	218,462	218,462
	649,014	478,145
Represented by:		
Share of net assets of associated company	696,508	525,639
Discount on acquisition	(47,494)	(47,494)
	649,014	478,145

6. Investment in an Associate Company (cont'd)

Details of the associate company are as follows:

Name of company	Country of incorporation	Effective equity interests 2017 %	Effective equity interests 2016 %	Principal activities
^ Toyo Color Pte. Ltd.	Republic of Singapore	50	50	Dealers, importers and exporters of printing ink and graphic products.

^ Associate company not audited by UHY.

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

(a) Summarised statements of financial position

	2017 RM	2016 RM
Non-current assets	1,395,974	1,072,508
Current assets	751	6,019
Current liabilities	(3,709)	(27,249)
Net assets	1,393,016	1,051,278
Interest in associate company	50%	50%
Group's share of net assets	696,508	525,639
Discount on acquisition	(47,494)	(47,494)
Carrying value of Group's interest in an associate company	649,014	478,145

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

	2017 RM	2016 RM
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	341,738	(6331)

7. Goodwill on Consolidation

	Group 2017 RM	Group 2016 RM
At 1 April	17,496,312	17,496,312
Impairment loss recognised	(8,757,670)	-
At 31 March	8,738,642	17,496,312

7. Goodwill on Consolidation (cont'd)

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

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

	Group	
	2017 RM	2016 RM
Toyo Ink (Perak) Sdn. Bhd.	43,307	43,307
Toyo Ink (Penang) Sdn. Bhd.	-	46,036
Toyo Dai-Nichi Ink Sdn. Bhd.	-	15,406
Inmac EDM-Tools (M) Sdn. Bhd.	6,416,778	6,416,778
EDM-Tools (M) Sdn. Bhd.	1,650,367	4,928,709
EDM-Tools (Penang) Sdn. Bhd.	-	2,344,332
Elo Dunia Manufacturing (M) Sdn. Bhd.	628,190	3,701,744
	8,738,642	17,496,312

The recoverable amount was determined based on value-in-use, determined by discounted future cash flows covering a five-year period at RM8,738,642. Therefore, an impairment loss of RM8,757,670 was recognised during the financial year.

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

	Group	
	2017 %	2016 %
Gross margin	13 - 27	21 - 28
Growth rate	4 - 12	8 - 10
Discount rate	6	6

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

8. Deferred Expenditures

	Group	
	2017 RM	2016 RM
At 1 April	228,831,521	150,776,159
Addition	78,525,272	78,055,362
At 31 March	307,356,793	228,831,521

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

The payments of the deferred expenditures was majorly financed by the advances received from other payables of RM230,065,600 (2016: RM152,345,600) as disclosed in Note 18.

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

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

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

8. Deferred Expenditures (cont'd)

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

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

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

(a) The People's Committee of Hau Giang Province, Vietnam, has agreed in principle to the Company's proposed investment project for building of the Project at Song Hau Power Complex, Hau Giang Province.

(b) The People's Committee of Hau Giang Province, Vietnam, has submitted to the Prime Minister an official letter dated 20 April 2011 seeking approval of the Company's proposed investment in the Thermal Power Plant Project with the following comments:

- The planning of Song Hau Power Complex, Hau Giang Province, has been approved by the Ministry of Industry and Trade, with the land use scale of 360 hectares, power of 5, 200MW, containing 3 projects: Song Hau 1 Thermal Power Plant Project, capacity of 2 x 600MW; Song Hau 2 and 3 Thermal Power Plants Projects, capacity of 2 x 1,000MW. Petrovietnam ("PVN") has been assigned to play the role of investor of Song Hau 1 Thermo Power Plant Project and general infrastructure of Song Hau Power Complex by the Vietnamese Government.

- The proposed investment in the project of the Company is in line with the planning of Song Hau Power Complex which has been approved by the MOIT at the Decision No. 6722/QD-BCT dated 23 December 2008 and it is suitable to present remarkable power use demand of Mekong Delta in particular and the entire country in general. In addition, the geographical location of Song Hau Power Complex is advantageous for coal transport from other area to serve the operation of the plants. In principle, the People's Committee of Hau Giang Province hereby agrees to let the Company invest and construct the Project at Song Hau Power Complex, Hau Giang Province.

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

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

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

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

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

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

8. Deferred Expenditures (cont'd)

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

i) preparation of initial documents such as Memorandum of Understanding ("MOU") with the Ministry of Industry and Trade, Project Agreements, Built-Operate-Transfer Contract, Power Purchase Agreement, Fuel Supply Agreements, Land Lease Agreement, Government Guarantee, Financing Plan, Engineering Procurement and Construction Contract;

ii) completion of negotiation, execution and signing of the Project documents; and

iii) negotiation, completion and execution of the financing documents including the loan agreement and security agreement, satisfaction of conditions to borrowing and drawndown under the financing documents in connection with the Project.

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

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

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

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

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

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

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

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

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

The construction of the Project is expected to take forty eight (48) to sixty (60) months and is estimated to commence operations by 2022/2023. At this juncture, the Company is unable to provide any financial effects on the Project as its prospect would hinge on the outcome of the negotiation of the Power Purchase Agreement ("PPA") which would include the terms of the engagement, tenure of the agreement as well as the exact funding requirements of the Project.

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

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

9. Inventories

	Group	
	2017 RM	2016 RM
At Cost		
Raw materials	2,678,650	4,158,460
Finished goods	6,027,392	7,146,598
Goods in transit	576,348	105,428
Trading merchandise	3,020,719	2,232,371
	12,303,109	13,642,857
At net realisable value		
Finished goods	169,730	-
	12,472,839	13,642,857
Recognised in profit or loss:		
Inventories recognised as cost of sales	54,472,850	55,281,620
Inventories written down	373,415	97,313

10. Trade Receivables

	Group	
	2017 RM	2016 RM
Trade receivables	17,015,762	20,208,357
Less: Accumulated impairment losses	-	(17,650)
	17,015,762	20,190,707

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2016: 30 to 150 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group	
	2017 RM	2016 RM
At 1 April	17,650	73,153
Impairment losses recognised	-	17,650
Impairment losses reversed	(17,650)	-
Amount written off	-	(73,153)
At 31 March	-	17,650

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

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	6,999,869	7,742,814
Past due not impaired:		
Less than 30 days	3,774,854	4,127,851
31 to 60 days	2,769,871	3,884,379
61 to 90 days	2,279,308	3,282,545
91 to 120 days	1,095,543	938,610
More than 120 days	96,317	214,508
	10,015,893	12,447,893
	17,015,762	20,190,707
Impaired	-	17,650
	17,015,762	20,208,357

10. Trade Receivables (cont'd)

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

As at 31 March 2017, trade receivables of RM10,015,893 (2016: RM12,447,893) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to Nil (2016: RM17,650) related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

11. Other Receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	501,009	1,142,073	-	-
Deposits	401,346	226,070	-	-
Prepayments	1,104,937	109,026	3,788	3,788
	2,007,292	1,477,169	3,788	3,788

Included in prepayments of the Group is an amount of RM1,000,000 (2016: Nil) relating to payment for acquisition of non-controlling interest in a subsidiary company, Toyo Dai-Nichi Ink Sdn. Bhd. ("TDISB"). As at 31 March 2017, the acquisition not yet complete due to Conditions Precedent have yet to be fulfilled.

12. Amount Owing by a Subsidiary Company

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

13. Fixed Deposit with a Licensed Bank

The fixed deposit was pledged with a licensed bank as security for bank guarantee issued.
The interest rate of deposit is 2.90% (2016: 2.90%) per annum and the maturity of the deposit is 30 days (2016: 30 days).

14. Non-Current Assets Classified as Held for Sale

On 16 December 2016, the Company entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose of its leasehold land and industrial building. As at 31 March 2017, the Conditions Precedent as set out in the SPA have yet to be fulfilled.

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

	Group	
	2017 RM	2016 RM
At carrying amount		
At 1 April	-	-
Reclassified from property, plant and equipment	164,660	-
At 31 March	164,660	-

15. Disposal Group Held for Sale

On 21 October 2016, an indirect interest subsidiary company, Elo Dunia Manufacturing (M) Sdn. Bhd. entered into a Share Sale Agreement (“SSA”) with a third party to dispose of its 51% equity interest in PT Elo Dunia Manufacturing Indonesia (“PTEDMI”) for a total cash consideration of USD306,000 (equivalent of RM1,338,545). This subsidiary company was reported within trading segment. The decision is consistent with the Group’s strategy to focus on the profitable business and to divest subsidiary companies which have been consistently underperforming over the years.

As at 31 March 2017, the Conditions Precedents as set out in the SSA have yet to be fulfilled. Therefore, the assets and liabilities of PTEDMI as at 31 March 2017 have been presented on the statements of financial position as disposal group held for sale.

Effort to finalise the transaction has commenced and the transfer of shares currently awaiting approval from the relevant authorities and is expected to be completed within the next 12 months.

Statements of financial position
The major classes of assets and liabilities of PTEDMI classified as held for sale and the related translation reserve as at 31 March 2017 are as follows:

	Group
	2017 RM
Assets	
Property, plant and equipment (Note 4)	1,153,965
Inventories	509,257
Trade receivables	343,622
Other receivables	466,102
Tax recoverable	108,766
Cash and bank balances	856,627
	3,438,339
Less: Loss recognised on remeasurement to fair value less cost to sell	(351,675)
Assets included in disposal group classified as held for sale	3,086,664
Liabilities	
Deferred tax liabilities	17,271
Other payables	106,912
Liabilities included in disposal group classified as held for sale	124,183
Net assets directly associated with disposal group classified as held for sale	2,962,481
Reserve	
Translation reserve	268,271

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15. Disposal Group Held for Sale (cont'd)

Statements of profit or loss and other comprehensive income
The results of PTEDMI and the result recognised on the remeasurement of disposal group are as follows:

	Group	
	2017 RM	2016 RM
Revenue	1,399,604	-
Cost of sales	(1,342,828)	-
Gross profit	56,776	-
Other income	12,114	-
Selling and distribution costs	(175,893)	-
Administrative expenses	(320,976)	-
Loss recognised on remeasurement to fair value less cost to sell	(351,675)	-
Loss before tax	(779,654)	-
Taxation	(15,866)	-
Loss for the financial year	(795,520)	-

Statements of cash flows
Cash flows attributable to PTEDMI are as follows:

	Group	
	2017 RM	2016 RM
Net cash used in operating activities	(631,404)	-
Net cash from investing activities	584,179	-
Effect on cash flows	(47,225)	-

16. Share Capital

	Group and Company			
	Number of shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Ordinary shares with no par value (2016: par value of RM1.00 each)				
Authorised				
At 31 March	-	250,000,000	-	250,000,000
Issued and fully paid				
Ordinary shares	107,000,000	107,000,000	107,000,000	107,000,000
Less: Allocation of proceeds to warrant reserves	-	-	(8,132,000)	(8,132,000)
At 1 April/31 March	107,000,000	107,000,000	98,868,000	98,868,000

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

17. Reserves

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable				
Translation reserve	175,967	156,236	-	-
Warrant reserve	8,132,000	8,132,000	8,132,000	8,132,000
Accumulated losses	-	-	(598,056)	(355,689)
	8,307,967	8,288,236	7,533,944	7,776,311
Distributable				
Retained profits	9,365,833	16,788,430	-	-
	17,673,800	25,076,666	7,533,944	7,776,311

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

(a) Translation reserve

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

(b) Warrant reserve

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

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

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

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

Salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder thereof ("Warrant holder(s)") to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the exercise price of RM1.50 during the 5-year period expiring on 22 April 2018 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

(ii) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose;

(iii) The new shares to be issued upon the exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares to be issued pursuant to the exercise of the warrants;

(iv) For purpose of trading on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time; and

(v) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws and regulations of Malaysia.

As of 31 March 2017, 42,800,000 Warrants remained unexercised.

18. Other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Other payables	229,765,600	152,045,600	-	-
Current				
Other payables	3,403,758	3,266,138	-	14,580
Accruals	882,412	845,028	111,765	67,641
Provision for termination benefit	-	600,000	-	-
Deposits and prepayment received	1,014,197	31,029	-	-
	5,300,367	4,742,195	111,765	82,221
Total other payables	235,065,967	156,787,795	111,765	82,221

(a) Non-current other payables

This represents amount due to the companies in which major shareholders of the Company have substantial financial interests. This represents advances received for the funding Power Plant Project in Vietnam as disclosed in Note 8.

(b) Current other payables

Included in deposits and prepayment received is an amount of RM941,051 (2016: Nil) relating to deposit and prepayment received for disposal of investment in PTEDMI that classified as disposal group held for sale. (Note 15)

19. Finance Lease Liabilities

	Group	
	2017 RM	2016 RM
Minimum lease payments		
Within one year	57,216	60,855
Between one to two years	57,216	25,896
Between two to five years	39,146	49,417
	153,578	136,168
Less: Future interest charges	(11,878)	(12,935)
Present value of minimum lease payments	141,700	123,233
Present value of minimum lease payments		
Within one year	51,222	54,743
Between one to two years	53,388	22,689
Between two to five years	37,090	45,801
	141,700	123,233
Analysed as:		
Repayable within twelve months	51,222	54,743
Repayable after twelve months	90,478	68,490
	141,700	123,233

The finance lease liabilities bear interest at rates ranging from 2.70% to 3.30% (2016: 2.70% to 3.30%) per annum.

20. Bank Borrowings

	Group	
	2017 RM	2016 RM
Secured		
Bankers' acceptance	9,079,000	10,223,929
Bank overdrafts	5,442,299	7,897,159
Term loans	8,420,852	8,902,764
	22,942,151	27,023,852
Non-current		
Term loans	7,982,844	8,497,324
Current		
Bankers' acceptance	9,079,000	10,223,929
Bank overdrafts	5,442,299	7,897,159
Term loans	438,008	405,440
	14,959,307	18,526,528
	22,942,151	27,023,852

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

(a) Legal charges over the freehold and leasehold land and buildings of certain subsidiary companies as disclosed in Note 4.

(b) Negative pledge by a subsidiary company.

(c) Execution of the General Security Agreement Relating to Assets.

(d) Legal charge over the ordinary share of certain subsidiary companies by way of Memorandum of Deposit of Shares and a Power of Attorney as disclosed in Note 5.

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

Effective interest rates of the bank borrowings are as follows:

	Group	
	2017 %	2016 %
Bankers' acceptance	4.08 - 4.62	4.36 - 4.66
Bank overdrafts	5	5
Term loans	5.34 - 5.82	5.34 - 5.82

Maturity of the bank borrowings is as follows:

	Group	
	2017 RM	2016 RM
Within one year	14,959,307	18,526,528
Between one to two years	1,188,861	939,696
Between two to five years	3,191,469	2,819,088
After five years	3,602,514	4,738,540
	22,942,151	27,023,852

21. Deferred Tax Liabilities

	Group	
	2017 RM	2016 RM
At 1 April	1,208,912	1,594,774
Recognised in profit or loss (Note 27)	(51,476)	(385,862)
Effects of movement in exchange rate	1,405	-
Liabilities included in disposal group held for sale	(17,271)	-
At 31 March	1,141,570	1,208,912

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

	Group	
	2017 RM	2016 RM
Deferred tax liabilities	1,220,269	1,353,816
Deferred tax assets	(78,699)	(144,904)
	1,141,570	1,208,912

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

Deferred tax liabilities	Accelerated capital allowances RM
At 1 April 2016	1,353,816
Recognised in profit or loss	(133,547)
At 31 March 2017	1,220,269
At 1 April 2015	1,632,887
Recognised in profit or loss	(279,071)
At 31 March 2016	1,353,816

Deferred tax assets	Unabsorbed capital allowances RM	Unutilised tax losses RM	Provisions RM	Total RM
At 1 April 2016	(1,202)	-	(143,702)	(144,904)
Recognised in profit or loss	(67,827)	(9,670)	143,702	66,205
At 31 March 2017	(69,029)	(9,670)	-	(78,699)
At 1 April 2015	(14,384)	(8,554)	(15,175)	(38,113)
Recognised in profit or loss	13,182	8,554	(128,527)	(106,791)
At 31 March 2016	(1,202)	-	(143,702)	(144,904)

21. Deferred Tax Liabilities (cont'd)

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

	Group	
	2017 RM	2016 RM
Unabsorbed capital allowances	417,200	676,000
Unutilised tax losses	2,519,500	2,255,400
Provisions	-	185,000
	2,936,700	3,117,000

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

22. Trade Payables

The normal trade credit terms granted to the Group range from 60 to 150 days (2016: 60 to 150 days).

23. Amount Owing to Directors

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

24. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sales of goods	79,701,452	81,740,840	-	-
Management fee	-	-	240,000	240,000
	79,701,452	81,740,840	240,000	240,000

25. Finance Costs

	Group	
	2017 RM	2016 RM
Interest expenses on:		
Finance lease liabilities	9,983	9,601
Term loans	489,700	508,444
Bank overdraft	540,279	427,514
Bankers' acceptance	421,547	440,646
Others	2,673	273,969
	1,434,182	1,660,174
Less: Term loans interest capitalised in capital work-in-progress	-	(96,962)
	1,434,182	1,563,212

26. (Loss)/Profit Before Tax

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- statutory audit:				
- current year	173,642	159,799	40,000	32,500
- under provision in prior year	2,000	6,704	-	5,750
- non-statutory audit	5,000	10,000	5,000	10,000
Bad debts written off	4,744	4,164	-	-
Depreciation of property, plant and equipment	1,755,611	2,007,600	-	-
Non-Executive Directors' remuneration:				
- fees	165,000	103,336	120,000	58,336
- salaries and other emoluments	93,875	92,000	51,875	50,000
Loss recognised on non-current assets classified as held for sale for remeasurement of fair value less cost to sell	351,675	-	-	-
Impairment loss on goodwill	8,757,670	-	-	-
Impairment loss on trade receivables	-	17,650	-	-
Inventories written down	373,415	97,313	-	-
Loss/(Gain) on foreign exchange				
- realised	459,725	603,299	-	-
- unrealised	(257,354)	143,126	-	-
Gain on disposal of property, plant and equipment	(534,792)	(273,743)	-	-
Property, plant and equipment written off	24,706	52,313	-	-
Rental of premises	136,741	158,826	-	-
Rental of vehicles	-	31,185	-	-
Interest income	(7,487)	(2,499)	-	-
Management fee	-	-	(240,000)	(240,000)
Reversal of impairment loss on trade receivables	(17,650)	-	-	-

27. Taxation

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expenses recognised in profit or loss:				
Current tax provision	1,058,700	1,165,887	29,200	30,000
(Over)/Under provision in prior years	(508,521)	(95,080)	(9,454)	2,959
	550,179	1,070,807	19,746	32,959
Deferred tax: (Note 21)				
Origination and reversal of temporary differences	(114,056)	(136,215)	-	-
Under/(Over) provision in prior years	62,580	(249,647)	-	-
	(51,476)	(385,862)	-	-
Tax expenses for the financial year	498,703	684,945	19,746	32,959

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(Loss)/Profit before tax	(7,342,426)	1,523,274	(222,621)	(282,366)
At Malaysian statutory tax rate of 24% (2016: 24%)	(1,718,240)	365,586	(53,429)	(67,768)
Expenses not deductible for tax purposes	2,855,756	619,651	82,629	97,768
Double deduction	-	(8,256)	-	-
Income not subject to tax	(104,606)	(47,540)	-	-
Deferred tax assets not recognised	11,883	250,292	-	-
Different tax rate in foreign jurisdiction	(4,280)	(4,304)	-	-
Tax incentives	-	(146,517)	-	-
Utilisation of previously unrecognised deferred tax assets	(54,860)	-	-	-
Share of results of associate company	(41,009)	760	-	-
(Over)/Under provision of taxation in prior years	(508,521)	(95,080)	(9,454)	2,959
Under/(Over) provision of deferred tax in prior years	62,580	(249,647)	-	-
Tax expenses for the financial year	498,703	684,945	19,746	32,959

The Group has unabsorbed capital allowances and unutilised tax losses of approximately RM704,600 (2016: RM679,700) and RM2,985,500 (2016: RM2,681,100) respectively to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

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28. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per shares

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

	Group	
	2017 RM	2016 RM
(Loss)/Profit attributable to owners of the parent	(7,422,597)	1,473,033
Weighted average number of ordinary shares in issue (unit)	107,000,000	107,000,000
Basic (loss)/earnings per ordinary shares (in sen)	(6.94)	1.38

(b) Diluted (loss)/earnings per share

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

29. Staff Costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages and other emoluments	10,174,610	10,628,102	-	-
Defined contribution plans	1,052,802	1,097,838	-	-
	11,227,412	11,725,940	-	-

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors				
Company's Directors				
Fees	109,000	63,584	30,000	14,584
Salaries and other emoluments	405,505	371,630	3,750	3,750
Defined contribution plans	22,778	22,284	-	-
	537,283	457,498	33,750	18,334
Executive Directors				
Subidiary companies' Directors				
Salaries and other emoluments	526,378	426,000	-	-
Defined contribution plans	59,654	52,859	-	-
	586,032	478,859	-	-
Executive Directors				
Company's Directors	537,283	457,498	33,750	18,334
Subsidiary companies' Directors	586,032	478,859	-	-
	1,123,315	936,357	33,750	18,334

30. Related Party Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed in Notes 12, 18 and 23, the significant related party transactions of the Group and of the Company are as follows:

	Company	
	2017 RM	2016 RM
Transactions with subsidiary company		
Management fee received	240,000	240,000

(c) Compensation of key management personnel

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, fees and other emoluments	1,299,758	1,056,550	205,625	126,670
Defined contribution plan	82,432	75,143	-	-
	1,382,190	1,131,693	205,625	126,670

31. Contingencies

	Company	
	2016 RM	2015 RM
Unsecured		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiary companies	48,397,000	60,847,000

32. Segment Information

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

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

Except as indicated above, the Group is also ventured into power plant investment in Vietnam as disclosed in Note 8.

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

Segment assets

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

Segment liabilities

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

Segment capital expenditure

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

Major Customers

The Group has a diversified range of customers.

32. Segment Information (cont'd)

(a) Business segment

Group 2017	Manufacturing RM	Trading and Investment Holding RM	Total RM	Elimination RM	Consolidated RM
Revenue					
External customers	61,928,697	17,772,755	79,701,452	-	79,701,452
Inter-segment sales	8,786,736	2,567,431	11,354,167	(11,354,167)	-
Total revenue	70,715,433	20,340,186	91,055,619	(11,354,167)	79,701,452
Results					
Interest income	3,657	3,830	7,487	-	7,487
Finance costs	1,219,909	214,273	1,434,182	-	1,434,182
Depreciation	1,392,961	432,050	1,825,011	(69,400)	1,755,611
Other non-cash items	397,360	(12,145)	385,215	9,109,345	9,494,560
Share of results of associate company	-	170,869	170,869	-	170,869
Segment profit/(loss)	3,642,697	(288,244)	3,354,453	(10,513,785)	(7,159,332)
Segment assets	405,371,364	133,497,835	538,869,199	(149,044,339)	389,824,860
Included in the measurement of segment assets are:					
Capital expenditure	420,059	95,020	515,079	-	515,079
Segment liabilities	352,199,635	6,966,701	359,166,336	(89,197,841)	269,968,495
Other non-cash items					
Bad debts written off	2,414	2,330	4,744	-	4,744
Inventories written down	373,415	-	373,415	-	373,415
Impairment loss on goodwill	-	-	-	8,757,670	8,757,670
Loss recognised on non-current assets classified as held for sale for remeasurement of fair value less cost to sell	-	-	-	351,675	351,675
Reversal of Impairment loss on trade receivables	-	(17,650)	(17,650)	-	(17,650)
Property, plant and equipment written off	21,531	3,175	24,706	-	24,706

32. Segment Information (cont'd)

(a) Business segment (cont'd)

Group 2016	Manufacturing RM	Trading and Investment Holding RM	Total RM	Elimination RM	Consolidated RM
Revenue					
External customers	55,492,433	26,248,407	81,740,840	-	81,740,840
Inter-segment sales	9,151,940	1,918,848	11,070,788	(11,070,788)	-
Total revenue	64,644,373	28,167,255	92,811,628	(11,070,788)	81,740,840
Results					
Interest income	1,837	662	2,499	-	2,499
Finance costs	952,847	610,365	1,563,212	-	1,563,212
Depreciation	1,595,389	474,087	2,069,476	(61,876)	2,007,600
Other non-cash items	32	167,244	167,276	-	167,276
Share of results of associate company	-	3,166	3,166	-	3,166
Segment profit/(loss)	2,869,616	(622,097)	2,247,519	(724,245)	1,523,274
Segment assets	331,413,149	136,095,164	467,508,313	(145,494,233)	322,014,080
Included in the measurement of segment assets are:					
Capital expenditure	3,258,173	30,851	3,289,024	(634,213)	2,654,811
Segment liabilities	280,116,404	8,916,965	289,033,369	(93,954,445)	195,078,924
Other non-cash items					
Bad debts written off	4,164	-	4,164	-	4,164
Inventories written down	-	97,313	97,313	-	97,313
Impairment loss on trade receivables	-	17,650	17,650	-	17,650
Property, plant and equipment written off	32	52,281	52,313	-	52,313

32. Segment Information (cont'd)

(b) Geographical segments

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

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	78,301,848	80,050,341	79,381,403	89,535,776	515,079	2,633,722
Indonesia	1,399,604	1,690,499	3,086,664	3,646,783	-	21,089
Vietnam	-	-	307,356,793	228,831,521	-	-
	79,701,452	81,740,840	389,824,860	322,014,080	515,079	2,654,811

33. Financial Instruments

(a) Classification of financial instruments

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

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

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group			
2017			
Financial Assets			
Trade receivables	17,015,762	-	17,015,762
Other receivables	902,355	-	902,355
Fixed deposit with a licensed bank	20,064	-	20,064
Cash and bank balances	5,136,931	-	5,136,931
	23,075,112	-	23,075,112
Financial Liabilities			
Trade payables	-	10,147,187	10,147,187
Other payables	-	235,065,967	235,065,967
Amount owing to Directors	-	230,000	230,000
Finance lease liabilities	-	141,700	141,700
Bank borrowings	-	22,942,151	22,942,151
	-	268,527,005	268,527,005

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

33. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
Group			
2016			
Financial Assets			
Trade receivables	20,190,707	-	20,190,707
Other receivables	1,368,143	-	1,368,143
Fixed deposit with a licensed bank	19,515	-	19,515
Cash and bank balances	3,491,373	-	3,491,373
	25,069,738	-	25,069,738
Financial Liabilities			
Trade payables	-	9,038,278	9,038,278
Other payables	-	156,787,795	156,787,795
Amount owing to Directors	-	132,920	132,920
Finance lease liabilities	-	123,233	123,233
Bank borrowings	-	27,023,852	27,023,852
	-	193,106,078	193,106,078
Company			
2017			
Financial Assets			
Amount owing by a subsidiary company	75,034,781	-	75,034,781
Cash and bank balances	23,186	-	23,186
	75,057,967	-	75,057,967
Financial Liabilities			
Other payables	-	111,765	111,765
Amount owing to Directors	-	150,000	150,000
	-	261.765	261.765
2016			
Financial Assets			
Amount owing by a subsidiary company	75,191,652	-	75,191,652
Cash and bank balances	4,472	-	4,472
	75,196,124	-	75,196,124
Financial Liabilities			
Other payables	-	82,221	82,221
Amount owing to Directors	-	72,920	72,920
	-	155,141	155,141

33. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

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

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

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM22,942,151 (2016: RM27,023,852), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

Financial guarantee
The Group provides secured bank guarantee in favour of third parties for business purposes. The maximum exposure of credit risk amounted to RM154,444 (2016: RM154,444). There was no indication that the guarantee will be called upon.

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

(ii) Liquidity risk

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

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

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

33. Financial Instruments (cont'd)

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

Group	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2017						
Non-derivative financial liabilities						
Trade payables	10,147,187	-	-	-	10,147,187	10,147,187
Other payables	5,300,367	229,765,600	-	-	235,065,967	235,065,967
Amount owing to Directors	230,000	-	-	-	230,000	230,000
Finance lease liabilities	57,216	57,216	39,146	-	153,578	141,700
Bank borrowings	15,015,691	939,696	2,819,088	6,830,593	25,605,068	22,942,151
	30,750,461	230,762,512	2,858,234	6,830,593	271,201,800	268,527,005
2016						
Non-derivative financial liabilities						
Trade payables	9,038,278	-	-	-	9,038,278	9,038,278
Other payables	4,742,195	152,045,600	-	-	156,787,795	156,787,795
Amount owing to Directors	132,920	-	-	-	132,920	132,920
Finance lease liabilities	60,855	25,896	49,417	-	136,168	123,233
Bank borrowings	18,920,646	939,696	2,819,088	7,372,407	30,051,837	27,023,852
	32,894,894	153,011,192	2,868,505	7,372,407	196,146,998	193,106,078

33. **Financial Instruments (cont'd)**

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

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amouant RM
Company 2017						
Non-derivative financial liabilities						
Other payables	111,765	-	-	-	111,765	111,765
Amount owing to Directors	150,000	-	-	-	150,000	150,000
	261,765	-	-	-	261,765	261,765
Company 2016						
Non-derivative financial liabilities						
Other payables	82,221	-	-	-	82,221	82,221
Amount owing to Directors	72,920	-	-	-	72,920	72,920
	155,141	-	-	-	155,141	155,141

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

33. Financial Instruments (cont'd)

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

(iii) Market risks

(a) Foreign currency risk

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

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

	Denominated in								
	USD RM	GBP RM	SGD RM	IDR RM	CHF RM	JPY RM	EURO RM	RMB RM	Total RM
Group 2017									
Financial Assets									
Trade receivables	368,374	-	20,535	343,622	-	-	-	-	732,531
Other receivables	98,598	-	-	455,096	-	-	126,474	-	680,168
Cash and bank balances	2,764,809	-	67,082	785,549	-	-	-	-	3,617,440
Financial Liabilities									
Trade payables	(3,547,167)	-	(810)	-	(72,239)	(33,083)	(233,745)	(62,810)	(3,949,854)
Other payables	(17,740)	-	-	-	-	-	-	-	(17,740)
Net exposure	(333,126)	-	86,807	1,584,267	(72,239)	(33,083)	(107,271)	(62,810)	1,062,545

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

33. **Financial Instruments (cont'd)**

(b) Financial risk management objectives and policies (cont'd)
(iii) Market risk (cont'd)
(a) Foreign currency risk (cont'd)

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

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

	Change in currency rate	2017 Effect on profit before tax RM	2016 Effect on profit before tax RM
USD	Strengthened 10%	(33,313)	79,258
	Weakened 10%	33,313	(79,258)
GBP	Strengthened 10%	-	1,318
	Weakened 10%	-	(1,318)
SGD	Strengthened 10%	8,681	74,895
	Weakened 10%	(8,681)	(74,895)
IDR	Strengthened 10%	158,427	106,251
	Weakened 10%	(158,427)	(106,251)
CHF	Strengthened 10%	(7,224)	(77,373)
	Weakened 10%	7,224	77,373
JPY	Strengthened 10%	(3,308)	(48,743)
	Weakened 10%	3,308	48,743
EURO	Strengthened 10%	(10,727)	(14,028)
	Weakened 10%	10,727	14,028
RMB	Strengthened 10%	(6,281)	(11,468)
	Weakened 10%	6,281	11,468

(b) Interest rate risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

33. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)
(iii) Market risk (cont'd)
(b) Interest rate risk (cont'd)

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

	2017 RM	2016 RM
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	20,064	19,515
Financial liabilities		
Finance lease liabilities	(141,700)	(123,233)
	(121,636)	(103,718)
Floating rate instruments		
Financial liabilities		
Bankers' acceptance	(9,079,000)	(10,223,929)
Bank overdrafts	(5,442,229)	(7,897,159)
Term loans	(8,420,852)	(8,902,764)
	(22,942,151)	(27,023,852)

Interest rate risk sensitivity analysis

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

Cash flow sensitivity analysis for floating rate instruments
A change in 0.25% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM57,355 (2016: RM67,560) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

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

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

	Carrying amount RM	Fair value RM
Group		
2017		
Financial liabilities		
Finance lease liabilities (Level 2)	141,700	144,559
2016		
Financial liabilities		
Finance lease liabilities (Level 2)	123,233	126,756

33. Financial Instruments (cont'd)

(c) Fair values of financial instruments (cont'd)

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

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

(iv) Level 3 fair value

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

34. Comparative Information

The following comparative figures have been reclassified where necessary to conform with the current year presentation:

	As previously stated RM	Reclassification RM	As restated RM
Statements of financial position			
Non-current liabilities			
Other payables	-	152,045,600	152,045,600
Current liabilities			
Other payables	156,787,795	(152,045,600)	4,742,195
Statements of cash flows			
Cash flows from operating activities			
Changes in working capital:			
Other payables	83,680,016	(81,255,000)	2,425,016
Cash flows from financing activities			
Advances from other payables	-	81,255,000	81,255,000

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

35. Capital Management

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

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

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

	Group	
	2017 RM	2016 RM
Total loans and borrowings	23,083,851	27,147,085
Less: Deposits, bank and cash balances	(5,156,995)	(3,510,888)
Total net debts	17,926,856	23,636,197
Total equity	116,810,071	123,944,666
Gearing ratio	15%	19%

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

36. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 July 2017.

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits/(accumulated losses) of the Company and its subsidiary companies				
- realised	48,523,774	45,928,412	(598,056)	(355,689)
- unrealised	(884,216)	(1,352,038)	-	-
	47,639,558	44,576,374	(598,056)	(355,689)
Total share of retained profits/(accumulated losses) from associated company				
- realised	(120,801)	(50,068)	-	-
	47,760,359	44,526,306	(598,056)	(355,689)
Less: Consolidation adjustments	(38,394,526)	(27,737,876)	-	-
Total retained profits/(accumulated losses)	9,365,833	16,788,430	(598,056)	(355,689)

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

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2017

SHARE CAPITAL

Issued and fully paid-up capital	:	RM107,000,000/-
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of Shareholders	:	1282

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100	301	23.48	1,079	0.00
100 to 1,000	289	22.54	135,852	0.12
1,001 to 10,000	361	28.16	1,889,291	1.77
10,001 to 100,000	259	20.20	8,677,755	8.11
100,001 and below 5% of issued shares	65	5.07	37,340,579	34.90
5% and above of issued shares	7	0.55	58,955,444	55.10
TOTAL	1,282	100.00	107,000,000	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Pembinaan Maju Wangi Sdn. Bhd.	12,158,740	11.36
2.	Eng Lian Enterprise Sdn. Bhd.	9,728,525	9.09
3.	Lim Guan Lee	8,990,704	8.40
4.	Ng Tze Woei	7,858,343	7.34
5.	Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98
6.	Bukit Asa Sdn. Bhd.	6,750,000	6.31
7.	Amsec Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account - Ambank (M) Berhad for Song Kok Cheong]*	6,000,000	5.61
8.	Kok Sow May	4,558,522	4.26
9.	Kwok Sow Yoong	3,889,676	3.64
10.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Song Kok Cheong (Margin)]*	3,551,000	3.32
11.	Tan Yu Yeh	2,199,000	2.06
12.	Lim Guan Lee	2,000,000	1.87
13.	Foo Fong Lee	1,657,137	1.55
14.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Song Kok Cheong (8073295)]*	1,375,000	1.29
15.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Fong Siling (CEB)]*	1,000,000	0.93
16.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Yap Chiat Bine]*	945,400	0.88
17.	Lee Chee Beng	752,000	0.70
18.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Chan Pooi Chuen (Margin)]*	682,000	0.64
19.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Ooi Chong Chuan]*	631,250	0.59
20.	Chew Cheong Loong	595,000	0.56
21.	Pang Sai Chun	555,400	0.52
22.	Song Kok Cheong	551,525	0.52
23.	HLIB Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Expo Holdings Sdn. Bhd.]*	551,300	0.52

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2017

24.	Fong Yuet Peng	535,500	0.50
25.	Mercsec Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Ng Thiam Seong]*	514,600	0.48
26.	Tee Teh Sdn. Berhad	500,000	0.47
27.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Lee Lian Seng (6000082)]*	412,800	0.39
28.	RHB Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Ng Siyu Lian]*	408,400	0.38
29.	Bong Nyon	402,250	0.38
30.	Kow Kuwi Wing @ Kow Sai Sum	385,500	0.36
		87,608,704	**81.88**

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

Name of Substantial Shareholders		No. of Ordinary Shares of RM1/- Each			
		Direct	%	Indirect	%
1.	Lim Guan Lee	11,448,204	10.70	119,000	0.11
2.	Song Kok Cheong	11,477,525	10.73	391,726	0.37
3.	Fong Po Yin	291,726	0.27	11,577,525	10.82
4.	Ng Tze Woei	7,878,343	7.36	-	-
5.	Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98	-	-
6.	Ng Lu Siong @ Ng Soon Huat	155,555	0.14	16,478,525	15.40
7.	Eng Lian Enterprise Sdn. Bhd.	9,728,525	9.09	6,750,000	6.31
8.	Ng Eng Hiam Plantations Sdn. Bhd.	-	-	6,750,000	6.31
9.	Ng Ling Li	250,000	0.23	6,750,000	6.31
10.	Bukit Asa Sdn. Bhd.	6,750,000	6.31	-	-
11.	Pembinaan Maju Wangi Sdn. Bhd.	12,158,740	11.36	-	-
12	Lam Peng Kee	185,000	0.17	12,158,740	11.36
13.	Fong Siew Ching	-	-	12,343,740	11.54
14.	Lu Pat Sdn. Bhd.	-	-	16,478,525	15.40
15.	The Nehsons Trust Company Berhad	-	-	16,478,525	15.40
16.	Eng Sim Leong @ Ng Leong Sing	-	-	16,478,525	15.40
17.	Ng Tee Chuan	-	-	16,478,525	15.40
18.	Ng Lam Shen	-	-	16,478,525	15.40
19.	Yvonne Po Leng Lam	150,000	0.14	16,478,525	15.40
20.	Geraldine Marie Tse Chian Ng	-	-	16,478,525	15.40

STATEMENT OF DIRECTORS' SHAREHOLDINGS

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

ANALYSIS OF WARRANT HOLDINGS AS AT 30 JUNE 2017

WARRANTS 2013/2018

No. of warrants 2013/2018	:	42,800,000
No. of warrants 2013/2018 outstanding	:	42,800,000
Class of Securities	:	Warrants 2013/2018 ("Warrants")
Voting rights	:	1 vote per Warrant
No. of Warrants holders	:	333

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Warrant holdings	No. of Warrant holders	%	No. of Warrant Held	%
Less than 100	1	0.30	75	0.00
100 - 1,000	23	6.91	15,700	0.04
1,001 - 10,000	114	34.23	698,100	1.63
10,001 - 100,000	139	41.74	5,944,922	13.89
100,001 to less than 5% of issued warrants	49	14.72	12,341,309	28.83
5% and above of issued warrants	7	2.10	23,799,894	55.61
	333	100.00	42,800,000	100.00

LIST OF THIRTY LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants Held	%
1.	Pembinaan Maju Wangi Sdn. Bhd.	5,137,796	12.00
2.	Lim Guan Lee	4,396,281	10.27
3.	Eng Lian Enterprise Sdn. Bhd.	3,891,410	9.09
4.	Bukit Asa Sdn. Bhd.	2,700,000	6.31
5.	Kok Sau Lan @ Kwok Sow Lan	2,677,173	6.26
6.	Ng Tze Woei	2,609,000	6.10
7.	Kwok Sow Yoong	2,388,234	5.58
8.	Kok Sow May	1,823,409	4.26
9.	Soh Eng Joo	1,047,400	2.45
10.	CIMSEC Nominees (Tempatan) Sdn. Beneficiary : CIMB for Taing Kim Hwa (PB)	934,900	2.18
11.	Maybank Securities Nominees (Tempatan) Sdn Bhd. Pledged securities account for Iskandar Bin Mohd Zaffa (Margin)	636,700	1.49
12.	Lee Chee Beng	500,000	1.17
13.	Fong Yuet Peng	335,000	0.78
14.	HLIB Nominees (Tempatan) Sdn Bhd. Pledged securities account for Lee Eng Min (CCTS)	312,100	0.73
15.	Siew Chee Kong	300,000	0.70
16.	Tung Pui Hiew	262,000	0.61
17.	Tan Chee Yam	260,000	0.61
18.	Pang Sai Chun	250,000	0.58
19.	Sim Mui Khee	250,000	0.58
20.	Syed Hasnul Hafiz Bin Syed Mahamud	247,900	0.58
21.	Nazeri Bin Baharoon	210,300	0.49
22.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Chow Meng Wah (E-KPG/SLY)	205,000	0.48
23.	Nicholas Fang Chern Lee	200,000	0.47
24.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ng Siyu Lian	199,400	0.47
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Beneficiary : Kua Song Tuck	185,000	0.43

ANALYSIS OF WARRANT HOLDINGS AS AT 30 JUNE 2017

26.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ooi Chong Chuan	183,700	0.43
27.	Abdul Yazid Bin Abdullah	175,000	0.41
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Kerk Tien Boon (E-BPT)	171,900	0.40
29.	Maryam @ Muhaini Binti Mohamad Ariff	166,600	0.39
30.	Bong Nyon	160,900	0.38
		32,817,103	**76.68**

LIST OF PROPERTIES AS AT 31 MARCH 2017

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2017	Date of Acquisition*/ Valuation**
1	PT No. 3477, Mukim of Petaling, District of Petaling, State of Selangor	Industrial building with a three (3) storey office and single storey factory annexe	14 years	99 years leasehold expiring on 10th January 2089	119,113	78,792	10,350,674	10 Sept 2012**
2	GRN 369740, Lot No.111298 Mukim of Tebrau District of Johor Bahru. State of Johor	1 1/2 storey terrace industrial building	23 years	Freehold	3,091	2,400	372,730	27 Aug 2002**
3	GRN 369744, Lot No.111299 Mukim of Tebrau District of Johor Bahru. State of Johor	1 1/2 storey terrace industrial building	23 years	Freehold	3,091	2,400	408,400	23 July 2002**
4	L.O. 7/65/Sub-Jacket/ 21/Ind Mukim of Damansara Distrct of Klang State of Selangor	Semi-detached Industrial building with a two (2) storey office and single storey single factory annexe	43 years	90 years leasehold expiring on 16 th January 2067	24,590	13,704	1,640,624	17 Sept 2002 **
5	Lot No. 212808 & 212809, Mukim of Hulu Kinta District of kinta State of Perak	Two (2) adjoining units of 1 1/2 storey semi-detached industrial building	22 years	90 years leasehold expiring on 3rd May 2084	4,500 and 4,500	3,010 and 3,010	214,939 and 214,939	22 Aug 2002**
6	Lot No. 2788 and 2789, Bandar Butterworth Seksyen 3, District of Perai Utara, State of Pulau Pinang	Two (2) adjoining units of 1 1/2 storey terrace industrial buildings	24 years	99 years leasehold expiring on 3rd May 2069	2,250 and 2,250	2,850 and 2,850	272,122 and 272,122	22 Aug 2002**
7	Lot No.5952, Mukim Bachang Daerah Melaka Tengah Melaka	1 1/2 storey terrace factory	21 years	99 years leasehold expiring on 18th May 2095	1,920	1,920	164,660	31 May 2005*
8	Lot PT 22 & PT 23 Mukim Dan Daerah Petaling , No.6 & 8 Jln TPP 1/1A, Taman Industrial Puchong Selangor Darul Ehsan	1 1/2 storey freehold semi-detached light industrial building	13 years	Freehold	22,000	15,000	2,403,479	24 Apr 2002* 5 Jan 2005**
9	H.S.(D) 61629 Lot No: PT 11380 , Mukim Petaling, State of Selangor	1 1/2 storey semi detached light industrial factory	16 years	Freehold	8,396	4,376	960,131	3 Sept 2001* 5 Jan 2005**

LIST OF PROPERTIES AS AT 31 MARCH 2017

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2017	Date of Acquisition*/ Valuation**
10	H.S.(M) No. 854 & H.S.(M) No. 521 Lot 3073 & PT Lot 2998, Mukim 6, Daerah Seberang Perai Tengah Negeri Pulau Pinang	1 1/2 storey terrace factory	26 years (base on OC)	Freehold	2,820	2,610	347,513	10 Oct 1999* 28 Oct 2004**
11	H.S.(D)153043, PT No 72789 Mukim Kapar, Klang Selangor Darul Ehsan	Vacant Industrial Land	N/A	Freehold	128,564	N/A	4,398,755	10 June 2011*
12	H.S.(D)153042, PT No 72788 Mukim Kapar, Klang Selangor Darul Ehsan	Vacant Industrial Land	N/A	Freehold	108,177	N/A	5,203,399	10 June 2011*
13	H.S.(D) 207907, PT No 6379 Bandar Sri Sendayan Daerah Seremban, Negeri Sembilan	Vacant Industrial Land	N/A	Freehold	103,829	N/A	3,170,583	21 June 2013*
					Grand Total		30,395,070	

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PROXY FORM

I/We ____, NRIC No./Company No.___________________________
(FULL NAME IN BLOCK LETTERS)
of ____
(ADDRESS)
being a member(s) of TOYO INK GROUP BERHAD hereby appoint ____

____
(FULL NAME)
of ____
(ADDRESS)
or failing him/her, ____
(FULL NAME)
of ____
(ADDRESS)

or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the FIFTEENTH ANNUAL GENERAL MEETING of the Company to be held at Bukit Jalil Golf & Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil 57000 Kuala Lumpur on Thursday, 7 September 2017, at 10.30 a.m. and at any adjournment thereof.

(strike out whichever is not desired)*

My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve Directors' Fees for the year ended 31 March 2017		
2.	To approve Directors' Fees for the year ending 31 March 2018		
3.	To approve the payment of Directors' Benefit from 1 February 2017 until the next Annual General Meeting of the Company		
4.	Re-election of Mr. Lim Guan Lee as Director		
5.	Re-appointment of Tuan Hj. Ir. Yusoff Bin Daud as Director		
6.	Re-appointment of Mr. Tham Kut Cheong as Director		
7.	Re-appointment of Mr. You Tong Lioung @ Yew Tong Leong as Director		
8.	To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	Authority to issue shares pursuant to Section 75 of the Companies Act 2016		
10.	Continuing in office for Mr. Tham Kut Cheong as Independent Non-Executive Director		
11.	Continuing in office For Mr.You Tong Lioung @ Yew Tong Leong as Independent Non-Executive Director		

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

Dated this ________ day of ________ 2017

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

____
Signature

Notes:-

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.*
2. *Where a member is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.*
3. *In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of some officer of the corporation, duly authorised on that behalf.*
4. *The instrument appointing a proxy must be deposited at the Share Registrar at 149, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.*
5. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 August 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and vote on his behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP
HERE

The Share Registrar
Insurban Corporate Services Sdn. Bhd. (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

First Fold here

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

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