TOYO

TOYO INK GROUP BERHAD

(Company No. 590521-D)

2018

LAPORAN TAHUNAN

ANNUAL REPORT

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting ("AGM") of Toyo Ink Group Berhad ("the Company") will be held at Bukit Jalil Golf & Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil 57000 Kuala Lumpur on Thursday, 06 September 2018, at 10.30 a.m. for the transaction of the following businesses:-

AGENDA

1. **To receive the Audited Financial Statements for the financial year ended 31 March 2018 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 in respect of the financial year ending 31 March 2019.** **(Resolution 1)**

3. **To approve the payment of Directors' benefit up to RM50,000.00 from the 16th Annual General Meeting until the 17th Annual General Meeting of the Company.** **(Resolution 2)**

4. **To re-elect the following Directors who retires pursuant to Article 92 of the Company's Articles of Association and, being eligible, offers themselves for re-election:-**
   (a) Tuan Hj. Ir. Yusoff Bin Daud **(Resolution 3)**
   (b) Tham Kut Cheong **(Resolution 4)**

5. **To re-appoint Messrs. UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.** **(Resolution 5)**

6. **As Special Businesses:-**
   To consider and, if thought fit, to pass the following Ordinary Resolutions:-

   (a) **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **(Resolution 6)**

   "THAT subject always to the Companies Act 2016, Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a General Meeting."

   (b) **Continuing In Office Of Mr. Tham Kut Cheong As Independent Non-Executive Director** **(Resolution 7)**
   "THAT subject to passing of the Ordinary Resolution No. 4, 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 twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company."

   (c) **Continuing In Office Of Mr. You Tong Lioung @ Yew Tong Leong As Independent Non-Executive Director** **(Resolution 8)**
   "THAT 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 twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company.

7. **To transact any other business for 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 2018

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. **General Meeting Record of Depositors.**
   For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 47(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), a Record of Depositors as at 30 August 2018 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

7. **Audited Financial Statements for the financial year ended 31 March 2018.**
   The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda is not put forward for voting by shareholders of the Company.

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

   The proposed Directors Benefits payable comprise allowances and other benefits. The total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meeting from 7 September 2018 (being the day after the 16th AGM) until the 17th AGM. In the event, the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

9. Explanatory Notes on Special Businesses:-
   (a) Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016
   Resolution No. 6 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the last year's AGM ("the previous mandate"). As the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

   The proposed Resolution No. 6, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding ten percent (10%) of the total number of issued shares of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

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

(b) Resolution Nos. 7 and 8
The proposed Ordinary Resolution Nos. 7 and 8 if passed, will allow Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong to be retained as Independent Non-Executive Directors ("INEDs") of the Company. The Board of Directors had, vide the Nomination Committee assessed the independence of Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong, who have served as INEDs of the Company for a cumulative term of more than twelve (12) years and had recommended them to continue to act as an INEDs of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for them to continue in office as INEDs are set out under the Corporate Governance Overview Statement in the Company's 2018 Annual Report.

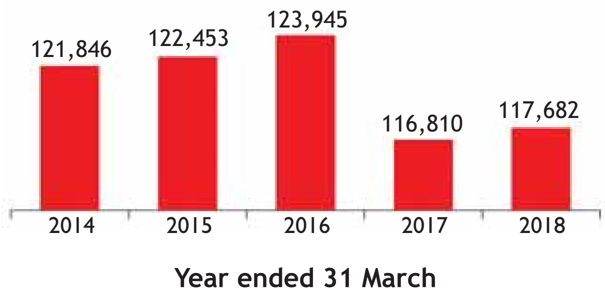
Resolution Nos. 7 & 8 if passed, will authorise Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong to continue in office as INEDs of the Company until the conclusion of the next AGM of the Company

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.

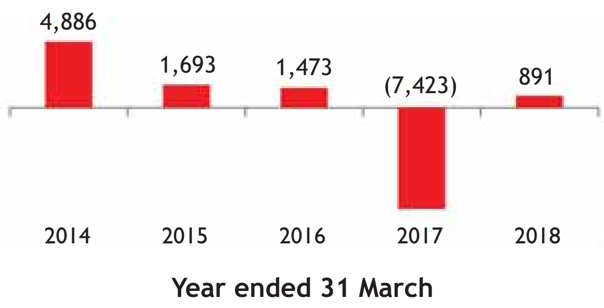
FINANCIAL HIGHLIGHTS - 31 MARCH 2014 TO 31 MARCH 2018

Group Turnover RM('000)

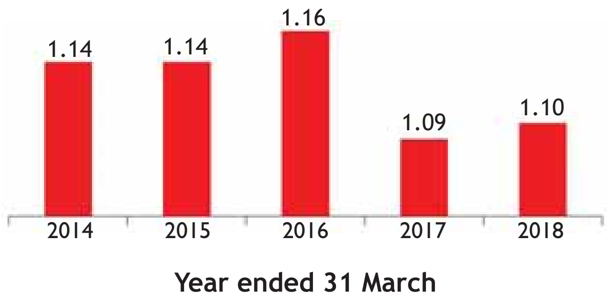
Total Shareholders' Funds RM('000)



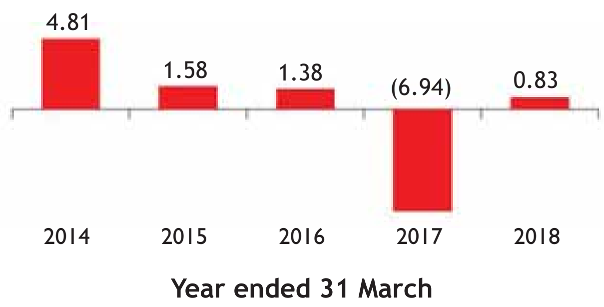
Net profit after tax RM('000)



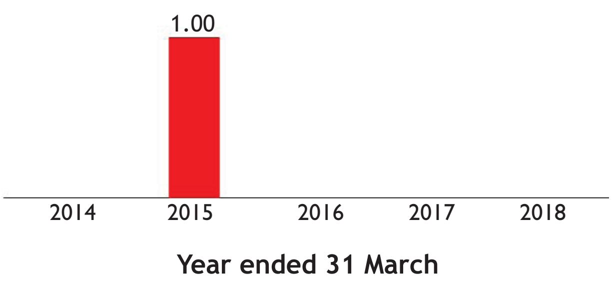
Net assets per share (RM)



Net earnings per share (Sen)



Gross dividend per share (Sen)



	2014	2015	2016	2017	2018
Group Turnover (RM"000)	85,870	81,764	81,740	79,701	86,374
Total shareholders' funds (RM'000)	121,846	122,453	123,945	116,810	117,682
Net assets per share (RM)	1.14	1.14	1.16	1.09	1.10
Net profit/(loss) after tax (RM'000)	4,886	1,693	1,473	(7,423)	891
Net earnings/(loss) per share (sen)	4.81	1.58	1.38	(6.94)	0.83
Gross dividend per share (sen)	-	1	-	-	-

DIRECTORS' PROFILE

Tuan Hj. Ir. Yusoff bin Daud

(Malaysian, male, aged 73)

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 2018.

He has no conflict of interest with the Company and does not have family relationship with any Director or major shareholders of the Company.

Mr. Song Kok Cheong

(Malaysian, male, aged 66)

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 2018.

He has no conflict of interest with the Company.

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

Mr. Lim Guan Lee

(Singaporean, male, aged 68)

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 4 Board meetings held during his tenure in office in the financial year ended 31 March 2018.

He has no conflict of interest with the Company.

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

DIRECTORS' PROFILE

Mr. Tham Kut Cheong

(Malaysian, male, aged 73)

Independent Non-Executive Director

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

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

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

He has attended all Board meetings held during his tenure in office in the financial year ended 31 March 2018.

He has no conflict of interest with the Company and does not have family relationship with any Director or major shareholders of the Company.

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

Mr. You Tong Lioung @ Yew Tong Leong

(Malaysian, male, aged 82)

Independent Non-Executive Director

Mr. You Tong Lioung @ Yew Tong Leong ("Mr. Yew") 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 Berhad 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 2018.

He has no conflict of interest with the Company and does not have family relationship with any Director or major shareholders of the Company.

Ms. Song Hsiao May

(Malaysian, female, aged 34)

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 2018.

She has no conflict of interest with the Company.

DIRECTORS' PROFILE

Ms. Lim Soek Fun

(Singaporean, female, aged 37)

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 2018.

She has no conflict of interest with the Company.

Notes:

None of the Directors has been convicted of any offences within the past five (5) years other than traffic offences or has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 March 2018.

None of the Directors have any family relationship with any Directors and the substantial shareholders of the Company, save as disclosed below:-

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

PROFILES OF SENIOR MANAGEMENT

Mr. Chew Cheong Loong

(Malaysian, male, aged 51)

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 & 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. Ng Aik Wah

(Malaysian, male, aged 51)

Senior Manager (Factory Operations), Ink Group

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

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

Mr. Chong Choon Ming

(Malaysian, male, aged 52)

General Manager (Operations), EDM-Tools Group

Mr. Chong Choon Ming has 27 years' experience in the engineering and tool & die industry. He joined Inmac EDM-Tools (M) Sdn Bhd in October 2004 as Production Manager and subsequently re-designated as Manufacturing Manager in 2008 and Senior Manufacturing Manager in 2010. He was promoted as Deputy General Manager with effect from 1 April 2015 and and subsequently to his current position as General Manager in Year 2017.

His responsibilities in the company included sales and marketing, fine wire manufacturing operations, shipping and company operations.

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

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

PROFILES OF SENIOR MANAGEMENT

Mr. Yap Kim Fatt

(Malaysian, male, aged 42)

General Manger (Sales & Marketing), EDM-Tools Group

Mr. Yap Kim Fatt is our General Manager in Sales and Marketing Division and is responsible to advise and assist the Managing Director within EDM-Tools Group in implementing the strategic plans of the company, identifying new businesses or investment opportunities for the company. He is also responsible to seek new Products Development to bring more profit to the companies.

He has more than twenty years of experiences in the wire-cut consumables, Precision Mould and Die related business. He started his career in 1995 as share registration clerk at Multi Purpose Holding Berhad. In April 1996, he joined Edm-Tools Group as Technical sales executive and is redesignated as Sales Engineer in year 2000 subsequently re-designated as Senior Manager Sales & Marketing in 2006. In Feb 2010 he was promoted to Deputy General Manager of Edm-Tools (M) Sdn Bhd and subsequently promoted to his current position as General Manager in April 2017.

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

Mr. Soo Zin Chuen

(Malaysian, male, aged 39)

Group Finance & Accounting Manager

Mr. Soo Zin Chuen (“Mr. Soo”) joined Toyo Ink Group Berhad 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.

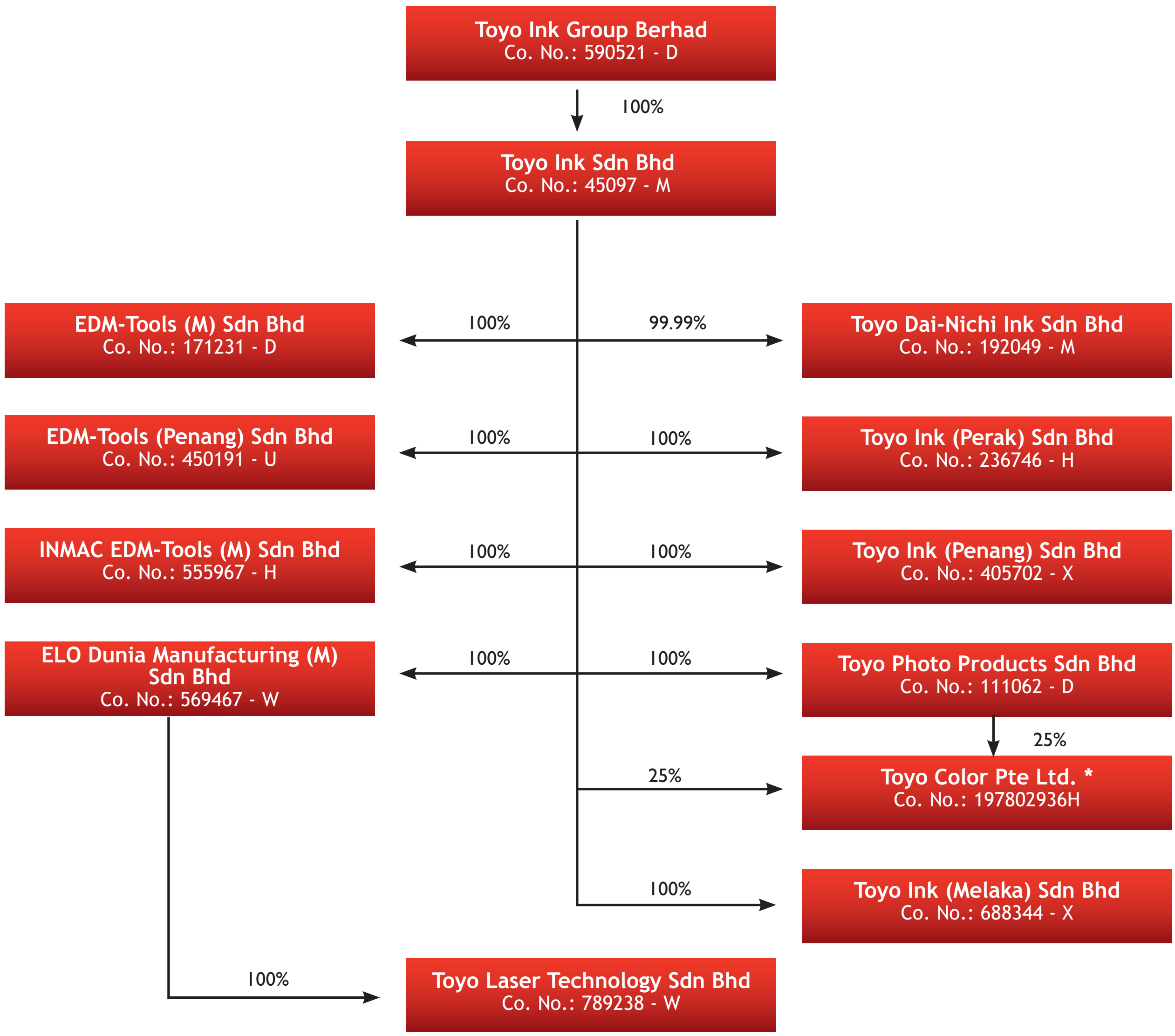
Prior to joining Toyo Ink Group Berhad, Mr. Soo had accumulated 15 years of auditing, finance and accounting related experience in commerce and industry.

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

Notes:

(a) None of the Senior Management has any conflict of interest with the Company.
(b) None of the Senior Management has been convicted for offences other than traffic offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 March 2018.

CORPORATE STRUCTURE



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

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

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

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

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

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

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

TOYO COLOR PTE LTD
63 Joo Koon Circle
Singapore 629076

PRODUCTS AND SERVICES

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/(loss) before taxation are as below:

	FY 2018 RM'000	FY 2017 RM'000	Increase/(Decrease) RM'000	%
Revenue:				
Ink Group	39,010	38,454	556	1.4
EDM-Tools Group	47,364	41,248	6,116	14.8
Profit/(loss) Before Tax:				
Ink Group	(529)	(8,165)	7,636	93.5
EDM-Tools Group	2,340	823	1,517	183.9

Ink Group
The Ink Group recorded an increase in revenue to RM39.01 million in FY 2018 as compared to RM38.45 million in FY 2017 which was mainly contributed by the trading division involved in the automotive refinish paints and consumable and equipment for Graphic Art Industry.

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.
Loss before tax from the Ink Group has improved mainly due to the following:

- Lower impairment of goodwill of RM0.96 million as compared to RM8.70 million in FY 2017;
- Higher contribution achieved by the trading of automotive refinish paints division and consumable and equipment for Graphic Art Industry.

EDM-Tools Group
The EDM-Tools Group recorded an increase in revenue to RM47.36 million in FY 2018 as compared to RM41.25 million in FY 2017 resulted from the higher sales achieved in the Engineering, Consumables and CNC Machining Division.

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

As a result from the higher sales recorded in all the division under EDM-Tools Group as compared to FY2017, the Profit Before Tax has improved to RM2.34 million compared to RM0.82 million in FY2017.

MANAGING RISKS EXPOSURE

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

LIQUIDITY AND CAPITAL MANAGEMENT

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

The Group's long term and short term borrowings are principally denominated in Ringgit Malaysia in Malaysia and amounting to RM18.60 million as at 31 March 2018.

As at 31 March 2018, the Group has cash and cash equivalent amounting to RM4.173 million as well as unutilised banking facilities amounting to RM4.90 million. The Group anticipates its cash and cash equivalents and available credit facilities to be sufficient to fund the working capital and capital investment for our business.

DIVIDEND POLICY

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

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 2018, 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 2018, the Group had invested RM341 million in the power plant project.

PROSPECTS

The Board is confident of achieving encouraging performance in FY 2019 based on current market conditions in which the US Dollar is anticipated to be stable for the near future as volatility of the USD against the Ringgit Malaysia will influence the Group's future earnings especially for the export business under EDM-Tools Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

This statement is prepared in compliance with Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad and it is to be read together with the CG Report 2018 ("CG Report") which is available at the corporate website at www.toyoink.com.my

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD ROLES AND RESPONSIBILITIES

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

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

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

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific tasks to 3 Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees have the authority to act on behalf of the Board within the authority as laid out in the Terms of Reference. The Chairman of the respective Board Committee would report to the Board during the Board Meetings on significant matters deliberated during the Committee meetings. These Committees ensure that greater attention, objectivity and independence are provided in the deliberation of specific board agenda. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board.

THE CHAIRMAN

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

CHAIRMAN AND MANAGING DIRECTOR

The role of the Independent Non-Executive Chairman and the Group Managing Director (MD), Mr. Song Kok Cheong, are distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decision. The 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. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

QUALIFIED AND COMPETENT COMPANY SECRETARY

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ACCESS TO INFORMATION AND ADVICE

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

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

BOARD CHARTER

The Board last reviewed its Board Charter on 23 July 2018 . The Board Charter sets out the composition, operation, processes, role and a list of specific functions that are reserved for the Board. It is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. Key matters reserved for the Board's approval includes managing conflict of interest issues, approval of material acquisitions and disposition of assets, corporate plans, annual budgets, new ventures, authority level, dividend policy and significant treasury policies.

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

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

CODE OF ETHICS & CONDUCT

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

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

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

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

WHISTLE BLOWING POLICY

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

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

The WBP of the Group covers amongst others:-

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SECTION II: BOARD COMPOSITION

COMPOSITION OF THE BOARD

As at the financial year ended 31 March 2018, 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 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.

TENURE OF INDEPENDENT DIRECTOR

In line with the MCCG, the Board has agreed that the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain an Independent Director beyond twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process.

The Company does not impose a limit on the length of service for both Executive and Non-Executive Directors.

As at the date of this statement, the existing Independent Directors namely Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong have served on the Board for more than twelve (12) years. The Nomination Committee has conducted an assessment to determine whether Mr. Tham Kut Cheong and Mr. You Tong Lioung @ Yew Tong Leong would still be able to meet the criteria of "independent" within the definition of "Independent Director" as set out in paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, through the review of Self Evaluation Questionnaire and Peer Evaluation Questionnaire done by the Nomination Committee, determined that they have remained 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 relevant expertise, detailed knowledge of the Group's businesses and independent judgement to properly evaluate corporate performance and contribute to the effective decision making of the Board. Nevertheless, Mr. Tham Kut Cheong being the Chairman of the Audit Committee and Mr. You Tong Lioung @ Yew Tong Leong being the member of the Audit Committee, have demonstrated that they have the qualities and competencies to enable them to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board. They have also proven their commitment, experience and competence for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the coming AGM for them to continue in office as Independent Directors.

DIVERSE BOARD AND SENIOR MANAGEMENT TEAM

Members of the Board comprise professionals from diverse gender, ethnicity, age, bringing with them depth and diversity of expertise, a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. The profile of each Director is presented on pages 6 to 8 of this Annual Report.

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

The appointment of Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Page 9 to 10 of this Annual Report.

GENDER DIVERISTY 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NOMINATION COMMITTEE

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

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

The 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 2 meetings during the financial year ended 31 March 2018 which were attended by all members.

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

The NC key responsibilities are:-

(a) Recruitment or New Appointment of Directors

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

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

(i) Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;
(ii) The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in paragraph 1.01 of the MMLR as well as the necessary skill and experience to bring an independent and objective judgment on issues considered by the Board and the ability to discharge such responsibilities as expected from Independent Non-Executive Directors; and
(iii) The appropriate number of Independent Directors to fairly reflect the interests of the minority shareholders and that Independent Directors should make up at least 1/3 of the membership of the Board.

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

There is no new Director appointed during the financial year ended 31 March 2018.

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

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

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 OVERVIEW STATEMENT

(c) Annual Assessment

During the financial year, the NC had 2 meetings and the meeting was attended by all members. In one of the meeting, which was held on 23 July 2018 the NC conducted 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 questionnaire.

The assessment of independence of the Independent Non-Executive Directors ("INED") are conducted on an annual basis via the following:-

Self and Peer Evaluation Questionnaire for Assessing the Independence of the Independent Directors to ensure that the INEDs were independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

Based on the outcome of the evaluation done, the Directors fulfilled the criteria as Independent Directors and are able to bring independence and objectivity in the Board's decision-making process. The Directors had also declared that they are independent of Management and free from any business or other relationship which could materially interfere with the exercise of their objective and independent judgements, decisions and reviews.

The Board's effectiveness was assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investors relationship. The review criteria for assessing the Directors' individual performance was largely focused 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 Director.

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 2018, as reflected below:-

	Attendance At Meetings of			
	Board	Audit Committee	NC	RC
Tuan Hj. Ir. Yusoff bin Daud	6/*6	5/*5	2/*2	N/A
Song Kok Cheong	6/*6	5/#5	N/A	3/*3
Lim Guan Lee	4/*6	N/A	N/A	N/A
Tham Kut Cheong	6/*6	5/*5	2/*2	3/*3
You Tong Lioung @ Yew Tong Leong	6/*6	5/*5	2/*2	3/*3
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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTORS TRAINING

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

During the year, all the directors have attended development and training programs, the details of which were as follows:-

Director	Development and Training Programmes
Tuan Hj. Ir. Yusoff bin Daud	Managing P&L and Cash Flow Training
Song Kok Cheong	Managing P&L and Cash Flow Training
Lim Guan Lee	Managing P&L and Cash Flow Training
Tham Kut Cheong	Managing P&L and Cash Flow Training
You Tong Lioung @ Yew Tong Leong	Managing P&L and Cash Flow Training
Song Hsiao May (Alternate Director to Song Kok Cheong)	Managing P&L and Cash Flow Training
Lim Soek Fun (Alternate Director to Lim Guan Lee)	Managing P&L and Cash Flow Training

SECTION III: REMUNERATION

REMUNERATION POLICY

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

REMUNERATION COMMITTEE

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

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

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

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held three (3) meetings during the financial year ended 31 March 2018 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.

DETAILS OF DIRECTOR'S REMUNERATION

The remuneration of the Directors of the Company for the financial year ended 31 March 2018 are as follows:

The details of the remuneration of Directors of the Company comprising the remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 March 2018 are as follows:-

Directors	Fees (RM)	Salaries & other emoluments * (RM)	Benefits-in-kind (RM)	Total (RM)
The Company				
Executive Directors				
Song Kok Cheong	30,000	5,000	-	35,000
Non-Executive Directors				
Tuan Hj. Ir. Yusoff bin Daud	30,000	44,750	-	74,750
Tham Kut Cheong	30,000	26,750	-	38,750
Lim Guan Lee	30,000	3,125	-	33,125
You Tong Lioung @ Yew Tong Leong	30,000	4,375	-	34,375

The Group				
Executive Directors				
Song Kok Cheong	165,000	562,677	-	727,677
Non-Executive Directors				
Tuan Hj. Ir. Yusoff bin Daud	45,000	44,750	-	89,750
Tham Kut Cheong	145,000	60,750	-	205,750
Lim Guan Lee	45,000	3,125	-	48,125
You Tong Lioung @ Yew Tong Leong	30,000	4,375	-	34,375

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

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

Remuneration of Top 5 Senior Management

The remuneration of the top five Senior Management Team of the Company is as follows:-

Remuneration Bands	Senior Management
RM50,000 and below	-
RM50,001-RM250,000	4
RM250,001-RM700,000	1

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SECTION I: AUDIT COMMITTEE
EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE

The Audit Committee ("AC") was established on 28 August 2003. The AC comprises 3 Non- Executive Directors. The AC is chaired by an Independent NED, Mr. Tham Kut Cheong. The AC is comprised of members who are financially literate, possess the appropriate level of expertise and experience.

The Terms of Reference of the AC was last reviewed and updated on 31 May 2018 and is available at the corporate website at www.toyoink.com.my

EXTERNAL AUDITORS
To maintain a transparent and formal relationship with the Company's External Auditors, the Audit Committee reviews the appointment, performance, independence and remuneration of the external auditors.

The Audit Committee had met with the External Auditors once during the financial year under review without the presence of executive members of the Board. The Audit Committee Report covering its terms of reference, composition, activities and attendance of the members and internal audit function are reported separately on pages 27 to 28.

The Audit Committee, had on 23 July 2018, 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.

SECTION II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK
The Board is updated on the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. Please refer to the Statement on Risk Management and Internal Control on page 29 to 30 of this Annual Report for further information.

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

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

Further details of the activities of the internal audit function are set out in the Audit Committee Report on page 28 of this Annual Report

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

SECTION I: COMMUNICATION WITH STAKEHOLDERS

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities's and the corporate website at http://www.bursamalaysia.com and www.toyoink.com.my respectively and it is accessible by the public.

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

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

CONDUCT OF GENERAL MEETING

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

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

COMPLIANCE STATEMENT

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

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

Practice 7.2: Remuneration on Detailed Named basis for top 5 Senior Management
Practice 11.2: Integrated Reporting
Practice 12.3: Electronic Voting

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 and the MMLR of the Bursa so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 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:-

- adopted the appropriate accounting policies and applied them consistently;
- ensured 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
- ensured 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 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 23 July 2018.

AUDIT COMMITTEE REPORT

ESTABLISHMENT AND COMPOSITION

The Audit Committee of Toyo Ink Group Berhad ("Toyo") was established on 28 August 2003. For the financial year ended 31 March 2018, the Audit Committee comprises the following directors:-

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

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

COMMITTEE MEETINGS

The Audit Committee members ("AC") met 5 times during the financial year ended 31 March 2018. 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
Tuan Hj. Ir. Yusoff bin Daud *(Independent Non-Executive Chairman)*	5	5

The External Auditors held 3 meetings with the AC during the financial year ended 31 March 2018. At these meetings, the AC also held 1 private session with the External Auditors without the executive board members and Management present.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE MEMBERS DURING THE FINANCIAL YEAR ENDED 31 MARCH 2018

During the financial year ended 31 March 2018, the activities of the Committee includes the following: -

FINANCIAL REPORTING

(a) Reviewed the unaudited quarterly financial results and announcement of the year-end financial statements of Toyo, and recommended them for approval by the Board;

(b) Review and report to the board on any related party transactions and conflict of interest situations that may arise within the listed issuer or group;

(c) Considered the impact of any unusual transactions including related party transactions;

(d) Reviewed the final draft of the audited financial statements for the financial year ended 31 March 2018;

(e) Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report 2018 and Statement on Risk Management and Internal Control to ensure compliance with the Main Market Listing Requirements of Bursa Securities and recommend to the Board for inclusion in the Annual Report 2018;

(f) Reviewed the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance;

(g) Reviewed and updated the Terms of Reference of Audit Committee to be in line with the latest Main Market Listing Requirements and Code on Corporate Governance;

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

(a) Tabled the audit plan 2018 prepared by External Auditors for the financial year ended 31 March 2018.

(b) Reviewed the audit review memorandum for the financial year ended 31 March 2018;

(c) Reviewed the final audit highlights for the financial year ended 31 March 2018;

(d) Met with the External Auditors once during the financial year ended 31 March 2018 without presence of any executive members of the Board;

(e) AC also scrutinised potential key audit matters raised by the External Auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements.

Two key audit matters vetted by the AC were:

i. Deferred Expenditures; and
ii. Impairment assessment on goodwill

(f) Considered the nomination of External Auditors for recommendation to the Board of Directors for re-appointment and reviewed the audit fees; and

(g) Evaluated the effectiveness of the External Auditors and make recommendations to the Board of Directors on their re-appointment and remuneration.

INTERNAL AUDIT FUNCTION

For the financial year ended 31 March 2018, the Group has outsourced its internal audit function to an independent internal audit service company and the selected team is independent of the activities audited by them. The cost incurred for the internal audit function in respect of the financial year ended 31 March 2018 is RM71,000/-.

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

Throughout the year, the AC reviewed the following Internal Audit Reports for Internal Audit performed during the financial year:-

- Internal Audit Report on Production Department in Toyo Ink Sdn. Bhd. and the follow up audit report on 28/8/2017;
- Internal Audit Report on Sales and Marketing of Elo Dunia Manufacturing (M) Sdn. Bhd. and the follow up audit report on 27/11/2017;
- Internal Audit Report on Sales and Marketing of EDM- Tools (M) Sdn. Bhd. and the follow up audit report on 27/02/2018; and
- Internal Audit Report on Production Department of Elo Dunia Manufacturing (M) Sdn. Bhd. and the follow up audit report on 31/05/2018

In line with good Corporate Governance, the AC members held 1 private session with the Internal Auditors without the executive board members and Management present.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad with regard to the disclosure of the Group's state of risk management and internal control. In making this Statement, the Board has considered the new Malaysian Code on Corporate Governance ("MCCG") and the guidance of the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers ("Guidelines").

BOARD AND RISK MANAGEMENT RESPONSIBILITIES IN RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the incurrence and balancing of risks and returns in order to reward the shareholders. The Board's priority in risk management is to ensure that uncertainty and risks of investment in new business venture are monitored in order to safeguard the interest of the shareholders. The Board collectively oversees and reviews the conduct of the Group's business while the Managing Director and Management carry out measures and controls to ensure that risks are effectively managed.

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

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

The Board is aware of the COSO Enterprise Risk Management framework and the ISO31000 standard on risk management which are the internationally recognised risk management framework presently. The Board will review and adopt one of these frameworks and embed it into its risk management processes going forward. The Board will also enhance its current risk management by defining and formalising risk appetite which will be used as parameters for assessment of the risk across its segmental businesses.

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

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 9001:2015 Quality Management System and ISO14001:2015 Environmental Management Systems while Inmac EDM-Tools (M) Sdn. Bhd. and Elo Dunia Manufacturing (M) Sdn. Bhd. are ISO 9001:2008 and ISO 9001:2015 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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

MANAGEMENT ACCOUNTABILITY AND ASSURANCE

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

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

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are effective and there were no losses resulted from significant control weakness that would require separate disclosure in the Annual Report. The joint ventures and associated companies of the Group have not been dealt with as part of the Group for the purposes of this Statement.

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

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of MMLR, the External Auditors have reviewed this Statement for inclusion in the annual report for the financial year ended 31 March 2018. Their review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") [Previously known as "RPG5 (Revised) 2015"] issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. Nonetheless, AAPG3 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.

Based on their procedures performed, 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.

The Statement is made in accordance with a resolution of the Board on 23 July 2018.

SUSTAINABILITY STATEMENT

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

Economic Sustainability
Our commitment is always to operate to the highest standards of quality and performance with the support of our customers and suppliers in order for us to produce our products with high customers' satisfaction level. TIGB also always maintain active communication with the customers and suppliers as we believe they will contribute positively to the long term sustainability of the Group.

TIGB always gather customers' feedback through internal survey to seek continuous improvement on our product quality and customers' satisfaction. TIGB is also subjected to customers' audits and assessment to ensure that we meet their stringent business requirements.

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

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

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

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

Employee Workforce
TIGB recognises the importance of diversity in workforce and try our best in providing the equal opportunity to our employees without discriminating their race, belief, gender and sexual orientation. As at 31 March 2018, TIGB employed 69% of male employees and 31% of female employees and our workforce is 85% local and 15% foreigner and our foreign workers are made up of contract workers. It is always our commitment to practice local development and support the local community within our manufacturing plant and offices.

TIGB always believe that a healthy turnover rate of full-time employees should be lower than 25% and in year 2017, the turnover rate was 20%. We also comply with the Minimum Wage Order 2012 and its subsequent amendments as and when announced by the Government. We believe in work-life balance for our employees and do not condone to excessive working hours and ensure the overtime hours are within the guidelines under the Employment Act.

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

Emergency response plan and evacuation drills are conducted annually at our manufacturing plant in order to create the awareness of all our employees on safety measures in case an incident occur. In 2018, a Fire Safety Drill was conducted with the assistance from Balai Bomba dan Penyelamat Serdang with the objective to ensure our employees are knowledgeable in fire prevention at our manufacturing plant.

In our efforts to achieve a safe working environment, the number of incidents is identified and notified on monthly basis (Control of Industrial Major Accident Hazards) Regulation 1996 (CIMAH) which includes major incidents, minor incidents and fatalities which results in lost workdays, restriction of work, medical treatment and hospitalisation.

SUSTAINABILITY STATEMENT

Every year, TIGB will carry out medical surveillance for all its employees in the manufacturing plant. Training will be provided to employees in their respective field of work as and when required.

Corporate Social Responsibility

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

In 2017, TIGB staff made visits to Persatuan Kebajikan Kanak-Kanak Cacat Yee Ran Jing Sheh in Bukit Tengah, Bukit Mertajam and House Of Joy, in Taman Pak Siong, Puchong – a local orphanage for children.

Furthermore, TIGB has made various donations which include daily necessities and cash to orphanages, local association and special event. It is our fervent hope that every small gesture will go towards further improvements to the services that can be provided to the less fortunate in our society.

ADDITIONAL COMPLIANCE INFORMATION

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

Audit and Non-Audit fees
The total amount of audit fees and non-audit fees payable to the External Auditors by the Company and its subsidiaries for the financial year ended 31 March 2018 amounted to RM160,200 and RM5,000 respectively.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

Principal Activities

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

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

Financial Results

	Group (RM)	Company (RM)
Profit for the financial year:	890,889	795,550
Attributable to:		
Owners of the Parent	890,889	795,550
Non-controlling interests	-	-
	890,889	795,550

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

Dividends
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").

Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new ordinary share in the Company at the exercise price of RM1.50 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll which is to be satisfied in cash. Any Warrants not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose. The exercise period of the warrant will expire on 20 April 2018.

As of 20 April 2018, 42,800,000 Warrants were unexercised and have lapsed.

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)*

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

Chew Cheong Loong
Yong Kok Liew

** Director of the Company and its subsidiary companies*

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

Directors' Interests

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

	Number of ordinary shares			
	AT 1.4.2017	Bought	Sold	AT 31.3.2018
Interests in the Company Direct Interest:				
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	100,000	-	11,548,204
Song Hsiao May *(Alternate Director to Song Kok Cheong)*	100,000	292,000	-	392,000
Indirect Interest:				
Song Kok Cheong *	391,726	292,000	(291,726)	392,000
Lim Guan Lee **	119,000	-	-	119,000

	Number of Warrants 2013/2018			
	AT 1.4.2017	Bought	Sold	AT 31.3.2018
Interests in the Company Direct Interest:				
Tuan Hj. Ir. Yusoff Bin Daud	100,000	-	(100,000)	-
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 31 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

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

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

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

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

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

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

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the 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 23 July 2018.

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 43 to 98 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 July 2018.

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 43 to 98 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 23 July 2018)

SONG KOK CHEONG

Before me,

No. W710
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toyo Ink Group Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, 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 RM341,412,221 as at 31 March 2018.

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

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

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

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

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, 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 OF TOYO INK GROUP BERHAD

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

Key Audit Matters	How we addressed the key audit matters
Impairment assessment on goodwill The Group's goodwill balance as at 31 March 2018 stood at RM7,783,191. 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 RM955,451 were adequately provided during the financial year. This conclusion was based on value-in-use model that required significant management judgment with respect to the discount rate and the underlying cash flows, in particular future revenue growth.	Our procedures in relation to management's impairment assessment included: We examined the cash flow projections which support management's goodwill impairment assessment. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budgets, and comparing expected growth rates to relevant market expectations and historical trends. We evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. We assessed the adequacy and reasonableness of the disclosures in the financial statements.
Deferred expenditures Deferred expenditures of RM341,412,221 as at 31 March 2018 relates to expenditures incurred in securing the proposed development project of the thermal power plant in Vietnam. Management has assessed the appropriateness of expenditure being capitalised and recoverability of the deferred expenditures. This involved significant management judgment about the future performance and viability of the project.	Our procedures in relation to the deferred expenditures included: We evaluated the nature of the expenditures incurred and assessed the appropriateness of capitalisation of the expenditures. We tested on a sample basis, by verifying the cost incurred such as consultancy services and overhead costs to relevant agreements, contracts, meeting minutes and invoices. We have reviewed the project budget approved by the management and the future expected cash inflow from the project to justify the recoverability of total project costs. We have learnt and discussed with the relevant consultants and lawyers on the progress and status of the key project agreements. We 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 OF TOYO INK GROUP BERHAD

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

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 OF TOYO INK GROUP BERHAD

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

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: 3168/12/19 (J)
Chartered Accountant

KUALA LUMPUR

23 July 2018

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-Current Assets					
Property, plant and equipment	4	31,273,188	32,956,623	-	-
Investment in subsidiary companies	5	-	-	31,611,684	31,611,684
Investment in an associate company	6	655,084	649,014	-	-
Goodwill on consolidation	7	7,783,191	8,738,642	-	-
Deferred expenditures	8	341,412,221	307,356,793	-	-
		381,123,684	349,701,072	31,611,684	31,611,684
Current Assets					
Inventories	9	12,726,713	12,472,839	-	-
Trade receivables	10	20,444,513	17,015,762	-	-
Other receivables	11	1,689,520	2,007,292	1,250	3,788
Amount due from a subsidiary company	12	-	-	75,668,093	75,034,781
Tax recoverable		484,027	219,576	31,712	-
Fixed deposit with a licensed bank	13	20,617	20,064	-	-
Cash and bank balances		4,152,883	5,136,931	8,088	23,186
		39,518,273	36,872,464	75,709,143	75,061,755
Non-current assets classifed as held for sale	14	1,618,750	164,660	-	-
Assets included in disposal group classifed as held for sale	15	-	3,086,664	-	-
		41,137,023	40,123,788	75,709,143	75,061,755
Total Assets		422,260,707	389,824,860	107,320,827	106,673,439
Equity					
Share capital	16	98,868,000	98,868,000	98,868,000	98,868,000
Reserves	17	18,814,170	17,673,800	8,329,494	7,533,944
Reserves of disposal group classified as held for sale	15	-	268,271	-	-
Equity attributable to owners of the parent		117,682,170	116,810,071	107,197,494	106,401,944
Non-controlling interests		(2)	3,029,023	-	-
Total Equity		117,682,168	119,839,094	107,197,494	106,401,944
Non-Current Liabilities					
Other payables	18	268,739,600	229,765,600	-	-
Finance lease liabilities	19	313,640	90,478	-	-
Bank borrowings	20	7,427,027	7,982,844	-	-
Deferred tax liabilities	21	1,077,200	1,141,570	-	-
		277,557,467	238,980,492	-	-

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Current Liabilities					
Trade payables	22	11,605,321	10,147,187	-	-
Other payables	18	3,672,277	5,300,367	123,333	111,765
Amount due to Directors	23	80,000	230,000	-	150,000
Finance lease liabilities	19	192,418	51,222	-	-
Bank borrowings	20	11,171,515	14,959,307	-	-
Tax payable		299,541	193,008	-	9,730
		27,021,072	30,881,091	123,333	271,495
Liabilities included in disposal group classified as held for sale	15	-	124,183	-	-
		27,021,072	31,005,274	123,333	271,495
Total Liabilities		304,578,539	269,985,766	123,333	271,495
Total Equity and Liabilities		422,260,707	389,824,860	107,320,827	106,673,439

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	24	86,373,547	79,701,452	1,240,000	240,000
Cost of sales		(69,531,948)	(62,801,310)	-	-
Gross profit		16,841,599	16,900,142	1,240,000	240,000
Other income		1,596,375	1,515,550	-	-
Selling and distribution costs		(7,749,423)	(7,800,763)	-	-
Administrative expenses		(7,734,269)	(16,510,948)	(464,650)	(462,621)
Profit/(Loss) from operations		2,954,282	(5,896,019)	775,350	(222,621)
Finance costs	25	(1,132,295)	(1,434,182)	-	-
Share of results of associate company		6,070	170,869	-	-
Profit/(Loss) before tax	26	1,828,057	(7,159,332)	775,350	(222,621)
Taxation	27	(937,168)	(498,703)	20,200	(19,746)
Profit/(Loss) for the financial year		890,889	(7,658,035)	795,550	(242,367)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
-Exchange translation differences for foreign operations		-	561,973	-	-
Total comprehensive income/ (loss) for the financial year		890,889	(7,096,062)	795,550	(242,367)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		890,889	(7,422,597)	795,550	(242,367)
Non-controlling interests		-	(235,438)	-	-
		890,889	(7,658,035)	795,550	(242,367)
Total compresensive income/(loss) attributable to:					
Owners of the parent		890,889	(7,134,595)	795,550	(242,367)
Non-controlling interests		-	38,533	-	-
		890,889	(7,096,062)	795,550	(242,367)
Earnings/(Loss) per share (sen)					
Basic	28(a)	0.83	(6.94)		
Diluted	28(b)	N/A	N/A		

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	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 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
At 1 April 2017	98,868,000	8,132,000	175,967	268,271	9,365,833	116,810,071	3,029,023	119,839,094
Net profit for the financial year representing total comprehensive income for the financial year	-	-	-	-	890,889	890,889	-	890,889
Transactions with owners:								
Acquisition of additional interest from non-controlling interests	-	-	-	-	425,448	425,448	(1,425,448)	(1,000,000)
Disposal of subsidiary companies	-	-	(175,967)	(268,271)	-	(444,238)	(1,603,577)	(2,047,815)
At 31 March 2018	98,868,000	8,132,000	-	-	10,682,170	117,682,170	(2)	117,682,168

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Attributable to Owners of the Company			
	Non-distributable			
Company	Share Capital RM	Warrant Reserve RM	Accumulated losses RM	Total Equity RM
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
At 1 April 2017	98,868,000	8,132,000	(598,056)	106,401,944
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	795,550	795,550
At 31 March 2018	98,868,000	8,132,000	197,494	107,197,494

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Operating Activities				
Profit/(Loss) before tax	1,828,057	(7,159,332)	775,350	(222,621)
Adjustments for:				
Bad debts written off	37,231	4,744	-	-
Dividend income from subsidiary companies	-	-	(1,000,000)	-
Depreciation of property, plant and equipment	1,421,138	1,755,611	-	-
Gain on disposal of property, plant and equipment	(80,448)	(534,792)	-	-
Gain on disposal of non-current assets held for sale	(135,340)	-	-	-
Impairment loss of goodwill	955,451	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	-	-
Interest expense	1,132,295	1,434,182	-	-
Interest income	(15,482)	(7,487)	-	-
Inventories written down	-	373,415	-	-
Property, plant and equipment written off	1,069	24,706	-	-
Reversal of impairment loss on trade receivables	-	(17,650)	-	-
Gain on disposal of subsidiary companies	(424,396)	-	-	-
Share of results of associate company	(6,070)	(170,869)	-	-
Unrealised gain on foreign exchange	(74,307)	(257,354)	-	-
Operating profit/(loss) before working capital changes	4,639,198	4,554,519	(224,650)	(222,621)
Changes in working capital:				
Inventories	(253,874)	287,346	-	-
Trade receivables	(3,466,489)	2,963,423	-	-
Other receivables	318,289	(998,554)	2,538	-
Trade payables	1,570,247	1,056,006	-	-
Other payables	(1,626,513)	665,350	11,568	29,544
	(3,458,340)	3,973,571	14,106	29,544
Cash generated from/(used in) operations	1,180,858	8,528,090	(210,544)	(193,077)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Interest paid		(1,132,295)	(1,434,182)	-	-
Interest received		15,482	7,487	-	-
Tax paid		(1,333,668)	(1,176,891)	(21,242)	(22,160)
Tax refund		174,214	32,199	-	-
		(2,276,267)	(2,571,387)	(21,242)	(22,160)
Net cash (used in)/from operating activities		(1,095,409)	5,956,703	(231,786)	(215,237)
Cash Flows From Investing Activities					
Acquisition of property, plant and equipment	4(d)	(1,241,494)	(430,079)	-	-
Addition to deferred expenditures		(34,055,428)	(78,525,272)	-	-
(Advance to)/Repayment from subsidiary companies		-	-	(633,312)	156,871
Acquisition of interests of non-controlling interests	5(c)	(1,000,000)	-	-	-
Dividend received		-	-	1,000,000	-
Net cash inflows from disposal of subsidiary companies	5(b)	426,214	-	-	-
Proceeds from disposal of property, plant and equipment		439,269	1,385,559	-	-
Proceeds from disposal of non-current assets held for sale		300,000	-	-	-
Net cash (used in)/from investing activities		(35,131,439)	(77,569,792)	366,688	156,871
Cash Flows From Financing Activities					
Advances from other payables		38,974,000	77,720,000	-	-
(Repayment to)/Advance from Directors		(150,000)	97,080	(150,000)	77,080
Net changes in bankers' acceptance		(3,293,000)	(1,144,929)	-	-
Repayment of finance lease liabilities		(110,491)	(66,533)	-	-
Repayment of term loans		(538,259)	(481,912)	-	-
Increased in pledged deposits		(553)	(549)	-	-
Net cash from (used in) financing activities		34,881,697	76,123,157	(150,000)	77,080
Net (decrease)/increase in cash and cash equivalents		(1,345,151)	4,510,068	(15,098)	18,714
Effect of exchange rate fluctuation		16,826	446,977	-	-
Cash and cash equivalents at beginning of the financial year		551,259	(4,405,786)	23,186	4,472
Cash and cash equivalents at end of the financial year		(777,066)	551,259	8,088	23,186
Cash and cash equivalents at end of the financial year comprise:					
Cash and bank balances		4,152,883	5,993,558	8,088	23,186
Fixed deposits with a licensed bank		20,617	20,064	-	-
Bank overdrafts		(4,929,949)	(5,442,299)	-	-
		(756,449)	571,323	8,088	23,186
Less: Fixed deposit pledged with a licensed bank		(20,617)	(20,064)	-	-
		(777,066)	551,259	8,088	23,186

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:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112,	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 - 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 30. Other than that, the adoption of above 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
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
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MRFS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MRFS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
Amendments to MRFS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MRFS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
Amendments to MRFS 1		1 January 2018

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2017

Annual Improvements to MFRSs 2014 – 2016 Cycle:		Effective dates for financial periods beginning on or after
Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term interests in Associate and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
Amendments to MFRS 3		1 January 2019
Amendments to MFRS 11		1 January 2019
Amendments to MFRS 112		1 January 2019
Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		
Amendments to MFRS 2 *Share-Based Payment*		1 January 2020
Amendment to MFRS 3 *Business Combinations*		1 January 2020
Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*		1 January 2020
Amendment to MFRS 14 *Regulatory Deferral Accounts*		1 January 2020
Amendments to MFRS 101 *Presentation of Financial Statements*		1 January 2020
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*		1 January 2020
Amendments to MFRS 134 *Interim Financial Reporting*		1 January 2020
Amendment to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*		1 January 2020
Amendment to MFRS 138 *Intangible Assets*		1 January 2020
Amendment to IC Interpretation 12 *Service Concession Arrangements*		1 January 2020
Amendment to IC Interpretation 19 *Extinguishing Financing Liabilities with Equity Instruments*		1 January 2020
Amendment to IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*		1 January 2020
Amendment to IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*		1 January 2020
Amendments to IC Interpretation 132 *Intangible Assets-Web Site Costs*		1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution 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:

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

2. **Basis of Preparation**

(a) Statement of compliance

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.

MFRS 9 replaces the guidance in MFRS 139: Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities. Impairment of financial assets and on hedge accounting. MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to contract assets and financial assets measured at amortised cost or fair value through other comprehensive income, except for investment in equity instruments.

Under MFRS 9, loss allowances will be measured on either:

-12 months ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
-Lifetime ECLs: ECLs that arise from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement is applied it at the reporting date, the credit risk of a financial asset has increased significantly since initial recognition while 12-month ECL measurement is applied if it has not. Any entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component and the Group has chosen to apply this policy.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018.

Changes in accounting policies resulting from the adoption of MFRS 9 will generally be applied retrospectively. The Group and the Company will apply the exemption of not restating comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 will be recognised in retained profits as at 1 April 2018.

Based on the preliminary assessment, the Group and the Company do not believe that the new classification requirements will have a material impact on its accounting for financial assets and financial liabilities. Furthermore, impairment losses arising from the new ECL model is estimated to not have a significant impact to the Group and to the Company.

<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.

MFRS 15 replaces the guidance in MFRS 111: *Construction Contracts*, MFRS 118: *Revenue*, IC Interpretation 13: *Customer Loyalty Programmes*, IC Interpretation 15: *Agreements for Construction of Real Estate*, IC Interpretation 18: *Transfers of Assets from Customers* and IC Interpretation 131: *Revenue – Barter Transactions involving Advertising Services*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Group and the Company decide to apply MFRS 15 retrospectively with cumulative effect on initially applying this standard as an adjustment to the opening balance of retained profits of the annual reporting period that includes the date of initial application. Under this transition method, the Group and the Company apply this standard retrospectively only to revenue contracts that are not completed at the date of initial application (i.e. 1 April 2017).

Based on the preliminary assessment, the Group and the Company do not expect that the application of MFRS 15 will have a significant impact on the financial instruments upon initial application except for the determination of transaction price of revenue contracts whereby variable consideration is deducted from the contract value as well as extensive new disclosures in the financial statements for the year ending 31 March 2019.

In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, revenue recognised is to be disaggregated into categories that depict the nature, timing and uncertainty of revenue and cash flows.

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

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

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

<u>MFRS 17 *Insurance Contracts*</u>
MFRS 17 which will supersede MFRS 4 *Insurance Contracts* is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as MFRS 9 and MFRS 15 are also applied. An entity identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. MFRS 17 requires to separate specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts, as well as to divide the contracts into groups that an entity will recognise and measure. MFRS 17 also include an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The impact of the new MFRSs, 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.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

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 include incidental costs incurred in providing development proposal, various research and feasibility study reports to the relevant authorities in relation to the development of the thermal power plant in Vietnam. The application of the Group's accounting policy for deferred expenditure requires 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 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
Judgment 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 2018, the Group has tax recoverable and payable of RM484,027 (2017: RM219,576) and RM299,541 (2017: RM193,008) respectively. The Company has tax recoverable and payable of RM31,712 (2017: Nil) and Nil (2017: RM9,730) 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

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

(a) Basis of consolidation (Cont'd)

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, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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

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

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

(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.

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

(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 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation **(Cont'd)**

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 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.

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

(d) Property, plant and equipment **(Cont'd)**

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

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

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

(e) Deferred expenditures

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

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

(f) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)
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.

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.

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

(h) Financial liabilities (Cont'd)

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 comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a weighted average basis.

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

(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 and non-current assets (or disposal group) 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 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

3. Significant Accounting Policies (Cont'd)

(l) Impairment of assets (**Cont'd)**

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 Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(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.

3. Significant Accounting Policies (Cont'd)

(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.

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

(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 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

3. Significant Accounting Policies (Cont'd)

(r) Income taxes (Cont'd)

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) Goods and Services Tax ("GST")
Revenues, expenses and assets are recognised net of the amount of GST except:

(i) where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(t) 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.

(u) 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.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

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

Group 2017	Freehold land and buildings RM	Leasehold land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings, renovation and signboard RM	Total RM
Cost							
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)

(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	
	2018 **RM**	**2017** **RM**
Freehold land and buildings	16,453,126	16,483,859
Leasehold land and buildings	11,344,621	13,246,550
	27,797,747	29,730,409

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

	Group	
	2018 **RM**	**2017** **RM**
Plant and machinery	388,046	-
Motor vehicles	106,625	126,300
	494,671	126,300

(c) The remaining lease term of the leasehold land and buildings of the Group range from 57 to 81 (2017: 58 to 82) years.

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

	Group	
	2018 **RM**	**2017** **RM**
Aggregate costs	1,716,343	515,079
Less: Finance lease financing	(474,849)	(85,000)
Cash payment	1,241,494	430,079

5. Investment in Subsidiary Companies

	Company	
In Malaysia: At cost	**2018** **RM**	**2017** **RM**
Unquoted share	31,611,684	31,611,684

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

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

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %	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	99.99	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	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 2018 %	2017 %	Principal activities
Subsidiary company of ETSB				
^ EDM-Tools (S) Pte. Ltd. ("ETSPL")	Republic of Singapore	-	100	Deregistration during the financial 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.*

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

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests 2018 %	2017 %	Total comprehensive (loss)/ income allocated to non-controlling interests 2018 RM	2017 RM	Accumulated non-controlling interests 2018 RM	2017 RM
TDISB	0.0001	40	-	(17,953)	(2)	1,473,073
PTEDMI	-	49	-	56,486	-	1,555,950
					(2)	3,029,023

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 2018 RM	TDISB 2017 RM	PTEDMI 2018 RM	PTEDMI 2017 RM
Non-current assets	-	1,664,824	-	1,153,965
Current assets	3,927,749	1,997,714	-	2,284,373
Non-current liabilities	-	-	-	(17,271)
Current liabilities	(422,838)	(107,705)	-	(106,912)
Net assets	3,504,911	3,554,833	-	3,314,155

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

	TDISB 2018 RM	TDISB 2017 RM	PTEDMI 2018 RM	PTEDMI 2017 RM
Revenue	13,015	240,820	-	1,399,604
Loss for the financial year	(49,922)	(44,884)	-	(443,845)
Other comprehensive income/ (loss)	-	-	-	559,124
Total comprehensive (loss)/ income for the financial year	(49,922)	(44,884)	-	(115,279)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

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

(iii) Summarised statements of cash flows

	TDISB		PTEDMI	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Net cash from/(used in) operating activities	137,929	1,609,810	-	(631,404)
Net cash from investing activities	71,675	685,900	-	584,179
Net cash used in financing activities	(235,324)	(1,005,000)	-	-
Net (decrease)/increase in cash and cash equivalents	(25,720)	1,290,710	-	(47,225)

(b) Disposal of subsidiary companies

During the financial year, the Group completed the disposal of PT Elo Dunia Manufacturing Indonesia ("PTEDMI") as disclosed in Note 15.

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

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

	2017 RM
Property, plant and equipment	1,011,694
Inventories	442,177
Trade receivables	213,386
Other receivables	540,303
Cash and bank balances	912,331
Other payables	(141,992)
Deferred tax liabilities	(15,935)
Net assets	2,961,964
Less: Non-controlling interests	(1,603,577)
Translation reserve	(444,238)
Total net assets disposed	914,149
Proceeds from disposal	(1,338,545)
Gain on disposal	(424,396)
Proceeds from disposal	1,338,545
Less: cash and bank balances disposed	(912,331)
Net cash inflows from disposal	426,214

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

(c) Acquisition of non-controlling interests

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

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

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

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

6. **Investment in an Associate Company**

	Group	
	2018 RM	2017 RM
At cost		
Unquoted shares outside Malaysia	309,751	309,751
Share of post-acquisition results	126,871	120,801
Adjustment for exchange gain arising on year end translation of investment in foreign associated company	218,462	218,462
	655,084	649,014
Represented by:		
Share of net assets of associated company	702,578	696,508
Discount on acquisition	(47,494)	(47,494)
	655,084	649,014

Details of the associate company are as follows:

		Effective equity interests		
Name of company	**Country of incorporation**	**2018 %**	**2017 %**	**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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

6. **Investment in an Associate Company (Cont'd)**

(a) Summarised statements of financial position

	2018 RM	2017 RM
Non-current assets	1,395,974	1,395,974
Current assets	18,852	751
Current liabilities	(9,670)	(3,709)
Net assets	1,405,156	1,393,016
Interest in associate company	50%	50%
Group's share of net assets	702,578	696,508
Discount on acquisition	(47,494)	(47,494)
Carrying value of Group's interest in an associate company	655,084	649,014

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

	2018 RM	2017 RM
Profit for the financial year, representing total comprehensive income for the financial year	12,140	341,738

7. **Goodwill on Consolidation**

	Group	
	2018 RM	2017 RM
At cost	17,496,312	17,496,312
Less: Accumulated impairment losses	(9,713,121)	(8,757,670)
	7,783,191	8,738,642

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

	Group	
	2018 RM	2017 RM
At 1 April	8,757,670	-
Impairment loss recognised	955,451	8,757,670
At 31 March	9,713,121	8,757,670

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

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

	Group	
	2018 RM	2017 RM
Toyo Ink (Perak) Sdn. Bhd.	43,307	43,307
Inmac EDM-Tools (M) Sdn. Bhd.	5,461,327	6,416,778
EDM-Tools (M) Sdn. Bhd.	1,650,367	1,650,367
Elo Dunia Manufacturing (M) Sdn. Bhd.	628,190	628,190
	7,783,191	8,738,642

6. **Investment in an Associate Company (Cont'd)**

The recoverable amount was determined based on value-in-use, determined by discounted future cash flows covering a five-year period at RM7,783,192 (2017: RM8,738,642). Therefore, an impairment loss of RM955,451 (2017: 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	
	2018 %	2017 %
Gross margin	13 - 27	13 - 27
Growth rate	4 - 12	4 - 12
Discount rate	6	6

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

8. **Deferred Expenditures**

	Group	
	2018 RM	2017 RM
At 1 April	307,356,793	228,831,521
Addition	34,055,428	78,525,272
At 31 March	341,412,221	307,356,793

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 RM268,739,600 (2017: RM229,765,600) 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.

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:

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

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

- 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.

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

(i) preparation of initial documents such as Memorandum of Understanding ("MOU") with MOIT, Project Agreements, BOT Agreement, Power Purchase Agreement, Fuel Supply Agreements, Land Lease Agreement, Government Guarantee, Financing Plan, Engineering Procurement and Construction Contract;

(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.

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

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

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

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

The management is currently in the midst of finalisation of the BOT Agreement, Power

Purchase Agreement as well as the other project agreements ("relevant agreements") with the respective authorities and government agencies of Vietnam.

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

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

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

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

9. **Inventories**

	Group	
	2018 RM	2017 RM
At Cost		
Raw materials	2,591,130	2,678,650
Finished goods	8,770,860	6,027,392
Goods in transit	3,665	576,348
Trading merchandise	1,361,058	3,020,719
	12,726,713	12,303,109
At net realisable value		
Finished goods	-	169,730
	12,726,713	12,472,839
Recognised in profit or loss:		
Inventories recognised as cost of sales	59,605,616	54,472,850
Inventories written down	-	373,415

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

10. Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 150 days (2017: 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	
	2018 RM	2017 RM
At 1 April	-	17,650
Impairment losses reversed	-	(17,650)
At 31 March	-	-

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

	Group	
	2018 RM	2017 RM
Neither past due nor impaired	6,483,107	6,999,869
Past due not impaired:		
Less than 30 days	4,828,505	3,774,854
31 to 60 days	4,601,771	2,769,871
61 to 90 days	2,716,943	2,279,308
91 to 120 days	996,599	1,095,543
More than 120 days	817,588	96,317
	13,961,406	10,015,893
	20,444,513	17,015,762

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

As at 31 March 2018, trade receivables of RM13,961,406 (2017: RM10,015,893) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

11. Other Receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	400,114	501,009	-	-
Deposits	229,816	401,346	-	-
Prepayments	1,059,590	1,104,937	1,250	3,788
	1,689,520	2,007,292	1,250	3,788

12. Amount Due from 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% (2017: 2.90%) per annum and the maturity of the deposit is 30 days (2017: 30 days).

14. Non-Current Assets Classified as Held for Sale

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

	Group	
	2018 RM	2017 RM
At carrying amount		
At 1 April	164,660	-
Reclassified from property, plant and equipment	1,618,750	164,660
Disposal	(164,660)	-
At 31 March	1,618,750	164,660

In previous financial year
On 16 December 2016, an indirect interest subsidiary company, Toyo Ink Melaka Sdn. Bhd. entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose of its leasehold land and industrial building for cash consideration of RM300,000. The disposal was completed during the financial year, and had resulted a gain of RM135,340.

During the financial year
On 21 January 2018, an indirect interest subsidiary company, Toyo Dai-Nichi Ink Sdn. Bhd. entered into a SPA with a third party to dispose of its leasehold land and industrial building for cash consideration of RM3,930,000. As at 31 March 2018, the Conditions Precedent as set out in the SPA have yet to be fulfilled.

15. Disposal Group Held for Sale

In the previous financial year, one of the subsidiary company, PT Elo Dunia Manufacturing ("PTEDMI") was presented as a disposal group classified as held for sale following the event mentioned below.

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 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, liabilities and reserve of PTEDMI as at 31 March 2017 have been presented on the statements of financial position as disposal group held for sale.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

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

	Group 2017 RM
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

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

The disposal of PTEDMI was completed during the financial year. Accordingly, the assets, liabilities and reserve that were previously classified as disposal group held for sale were derecognised in the Group's consolidated financial statements during the financial year.

16. Share Capital

	Group and Company			
	Number of shares		Amount	
	2018 Unit	2017 Unit	2018 RM	2017 RM
Ordinary shares with no par value				
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	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable				
Translation reserve	-	175,967	-	-
Warrant reserve	8,132,000	8,132,000	8,132,000	8,132,000
Accumulated losses	-	-	-	(598,056)
	8,132,000	8,307,967	8,132,000	7,533,944
Distributable				
Retained profits	10,682,170	9,365,833	197,494	-
	18,814,170	17,673,800	8,329,494	7,533,944

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. The translation reserve was reclassified to profit or loss upon disposal of the foreign operations.

(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 20 April 2018 ("Exercise Period"), subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

17. Reserves (Cont'd)

(b) Warrant reserve (Cont'd)

(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 20 April 2018, 42,800,000 Warrants remained unexercised and have lapsed.

18. Other payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Other payables	268,739,600	229,765,600	-	-
Current				
Other payables	1,956,811	3,403,758	-	-
Accruals	1,156,316	882,412	123,333	111,765
Deposits and prepayment received	559,150	1,014,197	-	-
	3,672,277	5,300,367	123,333	111,765
Total other payables	272,411,877	235,065,967	123,333	111,765

(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 are as follows:

(i) an amount of Nil (2017: RM941,051) relating to deposit and prepayment received for disposal of investment in PTEDMI that classified as disposal group held for sale (Note 15). The disposal was completed during the financial year.

(ii) an amount of RM393,000 (2017: Nil) relating to earnest deposit received for disposal of leasehold land and industrial building that classified as non-current asset held for sale (Note 14).

19. Finance Lease Liabilities

	Group 2018 RM	Group 2017 RM
Minimum lease payments		
Within one year	217,164	57,216
Between one to two years	192,703	57,216
Between two to five years	138,077	39,146
	547,944	153,578
Less: Future interest charges	(41,886)	(11,878)
Present value of minimum lease payments	506,058	141,700
Present value of minimum lease payments		
Within one year	192,418	51,222
Between one to two years	179,157	53,388
Between two to five years	134,483	37,090
	506,058	141,700
Analysed as:		
Repayable within twelve months	192,418	51,222
Repayable after twelve months	313,640	90,478
	506,058	141,700

The finance lease liabilities bear interest at rates ranging from 2.70% to 3.30% (2017: 2.70% to 3.30%) per annum.

20. Bank Borrowings

	Group 2018 RM	Group 2017 RM
Secured		
Bankers' acceptance	5,786,000	9,079,000
Bank overdrafts	4,929,949	5,442,299
Term loans	7,882,593	8,420,852
	18,598,542	22,942,151
Non-current		
Term loans	7,427,027	7,982,844
Current	5,786,000	9,079,000
Bankers' acceptance	4,929,949	5,442,299
Bank overdrafts	455,566	438,008
Term loans	11,171,515	14,959,307
	18,598,542	22,942,151

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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

20. Bank Borrowings (Cont'd)

Effective interest rates of the bank borrowings are as follows:

	Group	
	2018 %	2017 %
Banker's acceptance	4.08-4.51	4.08-4.62
Bank overdrafts	5	5
Term loans	5.34-5.92	5.34-5.82

Maturity of the bank borrowings is as follows:

	Group	
	2018 RM	2017 RM
Within one year	11,171,515	14,959,307
Between one to two years	1,762,684	1,188,861
Between two to five years	5,664,343	3,191,469
After five years	-	3,602,514
	18,598,542	22,942,151

21. Deferred Tax Liabilities

	Group	
	2018 RM	2017 RM
At 1 April	1,141,570	1,208,912
Recognised in profit or loss (Note 27)	(64,370)	(51,476)
Effects of movement in exchange rate	-	1,405
Liabilities included in disposal group held for sale	-	(17,271)
At 31 March	1,077,200	1,141,570

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

	Group	
	2018 RM	2017 RM
Deferred tax liabilities	1,145,900	1,220,269
Deferred tax assets	(68,700)	(78,699)
	1,077,200	1,141,570

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

	Accelerated capital allowances RM
Deferred tax liabilities	
At 1 April 2017	1,220,269
Recognised in profit or loss	(74,369)
At 31 March 2018	1,145,900
At 1 April 2016	1,353,816
Recognised in profit or loss	(133,547)
At 31 March 2017	1,220,269

21. Deferred Tax Liabilities (Cont'd)

Deferred tax assets	Unabsorbed capital allowances RM	Unutilised tax losses RM	Provisions RM	Total RM
At 1 April 2017	(1,792)	(76,907)	-	(78,699)
Recognised in profit or loss	1,792	8,207	-	9,999
At 31 March 2018	-	(68,700)	-	(68,700)
At 1 April 2016	(1,202)	-	(143,702)	(144,904)
Recognised in profit or loss	(590)	(76,907)	143,702	66,205
At 31 March 2017	(1,792)	(76,907)	-	(78,699)

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

	Group	
	2018 RM	2017 RM
Unabsorbed capital allowances	108,600	108,600
Unutilised tax losses	2,296,100	2,332,800
	2,404,700	2,441,400

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 (2017: 60 to 150 days).

23. Amount Due to Directors

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

24. Revenue

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sales of goods	86,373,547	79,701,452	-	-
Management fee	-	-	240,000	240,000
Dividend income from subsidiary companies	-	-	1,000,000	-
	86,373,547	79,701,452	1,240,000	240,000

25. Finance Costs

	Group	
	2018 RM	2017 RM
Interest expenses on:		
Finance lease liabilities	11,526	9,983
Term loans	454,643	459,700
Bank overdrafts	316,504	540,279
Bankers' acceptance	347,313	421,547
Others	2,309	2,673
	1,132,295	1,434,182

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

26. Profit/(Loss) Before Tax

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

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Auditors' remuneration				
- statutory audit:				
- current year	160,200	173,642	40,000	40,000
- (over)/under provision in prior year	(2,500)	2,000	-	-
- non-statutory audit	5,000	5,000	5,000	5,000
Bad debts written off	37,231	4,744	-	-
Dividend income from subsidiary companies	-	-	(1,000,000)	-
Depreciation of property, plant and equipment	1,421,138	1,755,611	-	-
Non-Executive Directors' remuneration:				
- fees	265,000	165,000	120,000	120,000
- salaries and other emoluments	113,000	93,875	79,000	51,875
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	955,451	8,757,670	-	-
Inventories written down	-	373,415	-	-
Loss/(Gain) on foreign exchange				
- realised	(366,286)	459,725	-	-
- unrealised	(74,307)	(257,354)	-	-
Gain on disposal of property, plant and equipment	(80,448)	(534,792)	-	-
Gain on disposal of non-current assets held for sale	(135,340)	-	-	-
Gain on disposal of subsidiary companies	(424,396)	-	-	-
Property, plant and equipment written off	1,069	24,706	-	-
Rental of premises	173,851	136,741	-	-
Interest income	(15,482)	(7,487)	-	-
Management fee	-	-	(240,000)	(240,000)
Reversal of impairment loss on trade receivables	-	(17,650)	-	-

27. Taxation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax expenses recognised in profit or loss:				
Current tax provision	1,068,750	1,058,700	9,000	29,200
Over provision in prior years	(67,212)	(508,521)	(29,200)	(9,454)
	1,001,538	550,179	(20,200)	19,746
Deferred tax: (Note 21)				
Origination and reversal of temporary differences	(94,837)	(114,056)	-	-
Underprovision in prior years	30,467	62,580	-	-
	(64,370)	(51,476)	-	-
Tax expenses for the financial year	937,168	498,703	(20,200)	19,746

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable profit/(loss) 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax	1,828,057	(7,159,332)	775,350	(222,621)
At Malaysian statutory tax rate of 24% (2017: 24%)	438,734	(1,718,240)	186,084	(53,429)
Expenses not deductible for tax purposes	686,054	2,855,756	53,292	82,629
Income not subject to tax	(149,505)	(104,606)	(225,544)	-
Deferred tax assets not recognised	3,019	11,883	-	-
Different tax rate in foreign jurisdiction	-	(4,280)	-	-
Utilisation of previously unrecognised deferred tax assets	(11,932)	(54,860)	(4,833)	-
Share of results of associate company	(1,457)	(41,009)	-	-
Over provision of taxation in prior years	(67,212)	(508,521)	(29,200)	(9,454)
Real Property Gain Tax	9,000	-	-	-
Under provision of deferred tax in prior years	30,467	62,580	-	-
Tax expenses for the financial year	937,168	498,703	(20,200)	19,746

The Group has unabsorbed capital allowances and unutilised tax losses of approximately RM108,600 (2017: RM116,900) and RM2,582,400 (2017: RM2,654,100) respectively available 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. Earnings/(Loss) Per Share

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

	Group	
	2018 RM	2017 RM
Profit/(Loss) attributable to owners of the parent	890,889	(7,422,597)
Weighted average number of ordinary shares in issue (unit)	107,000,000	107,000,000
Basic earnings/(loss) per ordinary shares (in sen)	0.83	(6.94)

(b) Diluted earnings/(loss) per share
The Group has no dilution in their earnings/(loss) 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and other emoluments	10,429,894	10,174,610	-	-
Defined contribution plans	1,080,839	1,052,802	-	-
	11,510,733	11,227,412	-	-

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Company's Directors				
Fees	165,000	109,000	30,000	30,000
Salaries and other emoluments	532,750	405,505	5,000	3,750
Defined contribution plans	29,927	22,778	-	-
	727,677	537,283	35,000	33,750
Executive Directors				
Subsidiary companies' Directors				
Fees	120,000	-	-	-
Salaries and other emoluments	639,019	526,378	-	-
Defined contribution plans	44,893	59,654	-	-
	803,912	586,032	-	-
Executive Directors				
Company's Directors	727,677	537,283	35,000	33,750
Subsidiary companies' Directors	803,912	586,032	-	-
	1,531,589	1,123,315	35,000	33,750

30. Reconciliation of Liabilities Arising from Financing Activities

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

			Non-cash changes	
	At 1 January 2017 RM	Financing cash flow RM	New finance lease Note 4(c) RM	At 31 March 2018 RM
Group				
Other payables	229,765,600	38,974,000	-	268,739,600
Amount due to Directors	230,000	(150,000)	-	80,000
Bankers' acceptance	9,079,000	(3,293,000)	-	5,786,000
Bank overdrafts	5,442,299	(512,350)	-	4,929,949
Term loans	8,420,852	(538,259)	-	7,882,593
Finance lease liabilities	141,700	(110,491)	474,849	506,058
	8,562,552	(648,750)	474,849	8,388,651
Company				
Amount due to Directors	150,000	(150,000)	-	-

31. 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	
	2018 RM	2017 RM
Transactions with subsidiary company		
Management fee received	240,000	240,000
Dividend income received	1,000,000	-

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

31. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, fees and other emoluments	1,834,769	1,299,758	234,000	205,625
Defined contribution plan	74,820	82,432	-	-
	1,909,589	1,382,190	234,000	205,625

32. Contingencies

	Company	
	2018 RM	2017 RM
Unsecured		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiary companies	49,047,000	48,397,000

33. 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.

33. **Segment Information (Cont'd)**

(a) Business segment

Group 2018	Manufacturing RM	Trading and Investment Holding RM	Total RM	Elimination RM	Consolidated RM
Revenue					
External customers	68,413,470	20,748,219	89,161,690	-	89,161,690
Inter-segment sales	9,648,130	2,205,107	11,853,236	(14,641,379)	(2,788,143)
Total revenue	78,061,600	22,953,326	101,014,926	(14,641,379)	86,373,547
Results					
Interest income	14,930	552	15,482	-	15,482
Finance costs	944,874	187,421	1,132,295	-	1,132,295
Depreciation	1,351,974	136,414	1,488,388	(67,250)	1,421,138
Other non-cash items	(117,759)	(134,036)	(251,795)	531,055	279,260
Share of results of associate company	-	(6,070)	(6,070)	-	(6,070)
Segment profit/(loss)	5,346,002	2,077,741	7,423,743	(3,057,736)	4,366,007
Segment assets	425,848,290	132,746,953	558,595,243	(136,334,536)	422,260,707
Included in the measurement of segment assets are:					
Capital expenditure	1,596,572	119,771	1,716,343	-	1,716,343
Segment liabilities	385,629,968	8,800,660	394,430,628	(89,852,089)	304,578,539
Other non-cash items					
Bad debts written off	35,985	1,246	37,231	-	37,231
Gain on disposal of property, plant and equipment	(80,448)	-	(80,448)	-	(80,448)
Gain on disposal of non-current assets held for sale	-	(135,340)	(135,340)	-	(135,340)
Gain on disposal of subsidiary companies	-	-	-	(424,396)	(424,396)
Impairment loss on goodwill	-	-	-	955,451	955,451
Property, plant and equipment written off	978	91	1,069	-	1,069
Unrealised gain on foreign exchange	(74,274)	(33)	(74,307)	-	(74,307)

33. 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	8,757,670	9,142,885
Share of results of associate company	-	6,070	6,070	-	6,070
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	6,983,972	359,183,607	(89,197,841)	269,985,766
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	-	-	-	-	-
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

33. 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	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia	86,373,547	78,301,848	80,848,486	79,381,403	1,716,343	515,079
Indonesia	-	1,399,604	-	3,086,664	-	-
Vietnam	-	-	341,412,221	307,356,793	-	-
	86,373,547	79,701,452	422,260,707	389,824,860	1,716,343	515,079

34. 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			
2018			
Financial Assets			
Trade receivables	20,444,513	-	20,444,513
Other receivables	629,930	-	629,930
Fixed deposit with a licensed bank	20,617	-	20,617
Cash and bank balances	4,152,883	-	4,152,883
	25,247,943	-	25,247,943
Financial Liabilities			
Trade payables	-	11,605,321	11,605,321
Other payables	-	272,411,877	272,411,877
Amount owing to Directors	-	80,000	80,000
Finance lease liabilities	-	506,058	506,058
Bank borrowings	-	18,598,542	18,598,542
	-	303,201,798	303,201,798

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

34. Financial Instruments (Cont'd)

(a) Classification of financial instruments

	Loans and receivables RM	Other financial liabilities at amortised cost RM	Total RM
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 due 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
Company			
2018			
Financial Assets			
Amount due from a subsidiary company	75,668,093	-	75,668,093
Cash and bank balances	8,088	-	8,088
	75,676,181	-	75,676,181
Financial Liability			
Other payables	-	123,333	123,333
	-	123,333	123,333
2017			
Financial Assets			
Amount due from 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 due to Directors	-	150,000	150,000
	-	261,765	261,765

(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.

34. Financial Instruments (Cont'd)

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The

Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

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

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

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM18,598,542 (2017: RM22,942,151), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

Financial guarantee
The Group provides secured bank guarantee in favour of third parties for business purposes. The maximum exposure of credit risk amounted to RM55,000 (2017: 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

34. 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 amount RM
Group 2018						
Non-derivative financial liabilities						
Trade payables	11,605,321	-	-	-	11,605,321	11,605,321
Other payables	3,672,277	268,739,600	-	-	272,411,877	272,411,877
Amount due to Directors	80,000	-	-	-	80,000	80,000
Finance lease liabilities	217,164	192,703	138,077	-	547,944	506,058
Bank borrowings	11,171,515	1,783,836	5,800,287	-	18,755,638	18,598,542
	26,746,277	270,716,139	5,938,364	-	303,400,780	303,201,798
Group 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 due to Directors	230,000	-	-	-	230,000	230,000
Finance lease liabilities	57,216	57,216	39,146	-	153,578	141,700
Bank borrowings	14,959,307	939,696	2,819,088	6,830,593	25,548,684	22,942,151
	30,694,077	230,762,512	2,858,234	6,830,593	271,145,416	268,527,005

34. Financial Instruments (Cont'd)

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

(ii) Liquidity risk (Cont'd)

Company	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amouant RM
2018						
Non-derivative financial liabilities						
Other payables	123,333	-	-	-	123,333	123,333
	123,333	-	-	-	123,333	123,333
2017						
Non-derivative financial liabilities						
Other payables	111,765	-	-	-	111,765	111,765
Amount due to Directors	150,000	-	-	-	150,000	150,000
	261,765	-	-	-	261,765	261,765

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

34. Financial Instruments (Cont'd)

(iii) Market risks

(a) Foreign currency risk

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

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

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

	Denominated in							
	USD 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

34. Financial Instruments (Cont'd)

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

(iii) Market risks (Cont'd)

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

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

	Change in currency rate RM	2018 Effect on profit before tax RM	2017 Effect on profit before tax RM
USD	Strengthened 10%	(223,242)	(33,313)
	Weakened 10%	223,242	33,313
SGD	Strengthened 10%	17,699	8,681
	Weakened 10%	(17,699)	(8,681)
IDR	Strengthened 10%	-	158,427
	Weakened 10%	-	(158,427)
CHF	Strengthened 10%	(86,847)	(7,224)
	Weakened 10%	86,847	7,224
JPY	Strengthened 10%	(6,359)	(3,308)
	Weakened 10%	6,359	3,308
EURO	Strengthened 10%	(33,821)	(10,727)
	Weakened 10%	33,821	10,727
RMB	Strengthened 10%	(1,912)	(6,281)
	Weakened 10%	1,912	6,281

(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.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2018

34. Financial Instruments (cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

	2018 RM	2017 RM
Fixed rate instruments		
Financial asset		
Fixed deposit with a licensed bank	20,617	20,064
Financial liabilities		
Finance lease liabilities	(506,058)	(141,700)
	(485,441)	(121,636)
Floating rate instruments		
Financial liabilities		
Bankers' acceptances	(5,786,000)	(9,079,000)
Bank overdrafts	(4,929,949)	(5,442,299)
Term loans	(7,882,593)	(8,420,852)
	(18,598,542)	(22,942,151)

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 RM46,496 (2017: RM55,061) 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		
2018		
Financial liabilities		
Finance lease liabilities (Level 2)	506,058	509,239
2017		
Financial liabilities		
Finance lease liabilities (Level 2)	141,700	144,559

34. 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.

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	
	2018 RM	**2017 RM**
Total loans and borrowings	19,104,600	23,083,851
Less: Deposits, bank and cash balances	(4,173,500)	(5,156,995)
Total net debts	14,931,100	17,926,856
Total equity	117,682,170	116,810,071
Gearing ratio	13%	15%

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 23 July 2018.

ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2018

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	:	1226

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100	298	24.31	1,108	0.00
100 to 1,000	289	23.57	132,582	0.12
1,001 to 10,000	348	28.38	1,843,760	1.72
10,001 to 100,000	221	18.03	7,707,327	7.20
100,001 and below 5% of issued shares	63	5.14	38,262,279	35.76
5% and above of issued shares	7	0.57	59,052,944	55.20
TOTAL	1,226	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	9,438,204	8.82
4.	Ng Tze Woei	7,508,343	7.02
5.	Kok Sau Lan @ Kwok Sow Lan	7,469,132	6.98
6.	Bukit Asa Sdn. Bhd.	6,750,000	6.31
7.	Amsec Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account - Ambank (M) Berhad for Song Kok Cheong]*	6,000,000	5.61
8.	Kok Sow May	4,558,522	4.26
9.	Kwok Sow Yoong	3,889,676	3.64
10.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Song Kok Cheong (Margin)]*	3,551,000	3.32
11.	Lim Guan Lee	2,000,000	1.87
12.	Foo Fong Lee	1,651,837	1.54
13.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Song Kok Cheong (8073295)]*	1,375,000	1.29
14.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Yap Chiat Bine]*	1,249,100	1.17
15.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Koon Yew Yin (6000051)]*	1,115,000	1.04
16.	RHB Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Koon Yew Yin]*	1,094,300	1.02
17.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Fong Siling (CEB)]*	1,000,000	0.93
18.	Tan Yu Yeh	954,900	0.89
19.	Chew Cheong Loong	945,000	0.88
20.	Lee Chee Beng	754,000	0.70
21.	*Kenanga Nominees (Tempatan) Sdn. Bhd.* *[Beneficiary: Pledged Securities Account for Koon Yew Yin (002)]*	677,100	0.63
22.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Chan Pooi Chuen (Margin)]*	670,900	0.63

ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2018

No.	Name	No. Of Shares Held	%
23.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Ooi Chong Chuan]*	631,250	0.59
24.	Song Kok Cheong	551,525	0.52
25.	Expo Holdings Sdn. Bhd.	551,300	0.52
26.	Fong Yuet Peng	535,500	0.50
27.	Mercsec Nominees (Tempatan) Sdn. Bhd. *[Beneficiary: Pledged Securities Account for Ng Thiam Seong]*	514,600	0.48
28.	Tee Teh Sdn. Berhad	500,000	0.47
29.	Kow Kuwi Wing @ Kow Sai Sum	458,500	0.43
30.	*AllianceGroup Nominees (Tempatan) Sdn. Bhd.* *[Beneficiary: Pledged Securities Account for Lee Lian Seng (6000082)]*	412,800	0.39
		88,694,754	**82.89**

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

Name of Substantial Shareholders		No. Of Shares Held Direct	%	No. Of Shares Held Indirect	%
1.	Lim Guan Lee	11,548,204	10.79	119,000	0.11
2.	Song Kok Cheong	11,477,525	10.73	392,000	0.37
3.	Fong Po Yin	-	-	11,869,525	11.09
4.	Ng Tze Woei	7,508,343	7.02	-	-
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	-	-	6,543,740	6.12
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 Shares Held Direct	%	No. Of Shares Held Indirect	%
1.	Tuan Hj. Ir. Yusoff bin Daud	230,964	0.22	-	-
2.	Song Kok Cheong	11,477,525	10.73	392,000	0.37
3.	Lim Guan Lee	11,548,204	10.79	119,000	0.11
4.	Song Hsiao May *(alternate director to Song Kok Cheong)*	392,000	0.37	-	-
5.	Tham Kut Cheong	-	-	-	-
6.	You Tong Lioung @ Yew Tong Leong	-	-	-	-
7.	Lim Soek Fun (Lin ShuFen) *(alternate director to Lim Guan Lee)*	-	-	-	-

LIST OF PROPERTIES AS AT 31 MARCH 2018

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2018	Date of Acquisition*/ Valuation**
1	PT No. 3477, Mukim of Petaling, District of Petaling, State of Selangor	Industrial building with a three (3) storey office and single storey factory annexe	15 years	99 years leasehold expiring on 10th January 2089	119,113	78,792	10,114,890	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	24 years	Freehold	3,091	2,400	369,322	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	24 years	Freehold	3,091	2,400	404,000	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	44 years	90 years leasehold expiring on 16 th January 2067	24,590	13,704	1,618,750	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	23 years	90 years leasehold expiring on 3rd May 2084	4,500 and 4,500	3,010 and 3,010	211,689 and 211,689	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	25 years	99 years leasehold expiring on 3rd May 2069	2,250 and 2,250	2,850 and 2,850	266,516 and 266,516	22 Aug 2002**
7	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	14 years	Freehold	22,000	15,000	2,385,558	24 Apr 2002* 5 Jan 2005**
8	H.S.(D) 61629 Lot No: PT 11380 , Mukim Petaling, State of Selangor	1 1/2 storey semi detached light industrial factory	17 years	Freehold	8,396	4,376	950,989	3 Sept 2001* 5 Jan 2005**

LIST OF PROPERTIES AS AT 31 MARCH 2018

Item	Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land Area (Sq / ft)	Built-up Area (Sq / ft)	Net Book Value as at 31/3/2018	Date of Acquisition*/ Valuation**
9	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	27 years (base on OC)	Freehold	2,820	2,610	343,843	10 Oct 1999* 28 Oct 2004**
10	H.S.(D)153043, PT No 72789 Mukim Kapar, Klang Selangor Darul Ehsan	Vacant Industrial Land	N/A	Freehold	108,177	N/A	4,398,755	10 June 2011*
11	H.S.(D)153042, PT No 72788 Mukim Kapar, Klang Selangor Darul Ehsan	Vacant Industrial Land	N/A	Freehold	128,564	N/A	5,203,399	10 June 2011*
12	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		29,916,499	

PROXY FORM

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

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

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

____________________________________NRIC No. (new)__________________________ (old)_________________

or failing him/her,

____________________________________NRIC No. (new)__________________________ (old)_________________

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Sixteenth (16th) Annual General Meeting ("AGM") of the Company to be held at Bukit Jalil Golf & Country Resort, 1st Floor, Langkawi Room, Jalan Jalil Perkasa 3, Bukit Jalil 57000 Kuala Lumpur on Thursday, 6 September 2018, at 10.30 a.m. and at any adjournment thereof.
*(*Strike out whichever is not desired)*

The proportions of my/our holdings to be represented by my/our proxy(ies) are as-follows :-
Proxy 1 %
Proxy 2 __________ %
__________ %
(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial year ending 31 March 2019		
2.	To approve the payment of Directors' Benefit from the 16th AGM until the 17th AGM		
3.	Re-election of Tuan Hj. Ir. Yusoff Bin Daud as Director		
4.	Re-election of Mr. Tham Kut Cheong as Director		
5.	To re-appoint Messrs. UHY as Auditors of the Company and to authorize the Directors to fix their remuneration		
6.	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016		
7.	Continuing in office Of Mr. Tham Kut Cheong as Independent Non-Executive Director		
8.	Continuing in office Of Mr. You Tong Lioung @ Yew Tong Leong as Independent Non-Executive Director		

Signed this ______________ day of ____________________2018

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

____
Signature/Common Seal of Member(s)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend and vote instead of him/her. Where a member appoints 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. **General Meeting Record of Depositors**
For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 47(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities ("MMLR"), a Record of Depositors as at 30 August 2018 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

Fold this flap for sealing

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AFFIX
STAMP
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The Share Registrar
Insurban Corporate Services Sdn. Bhd. (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

First Fold here

Address : PT 3477, Jalan 6/1, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel: 603-8942 3335 Fax: 603-8942 1161 email: admin@toyoink.com.my

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