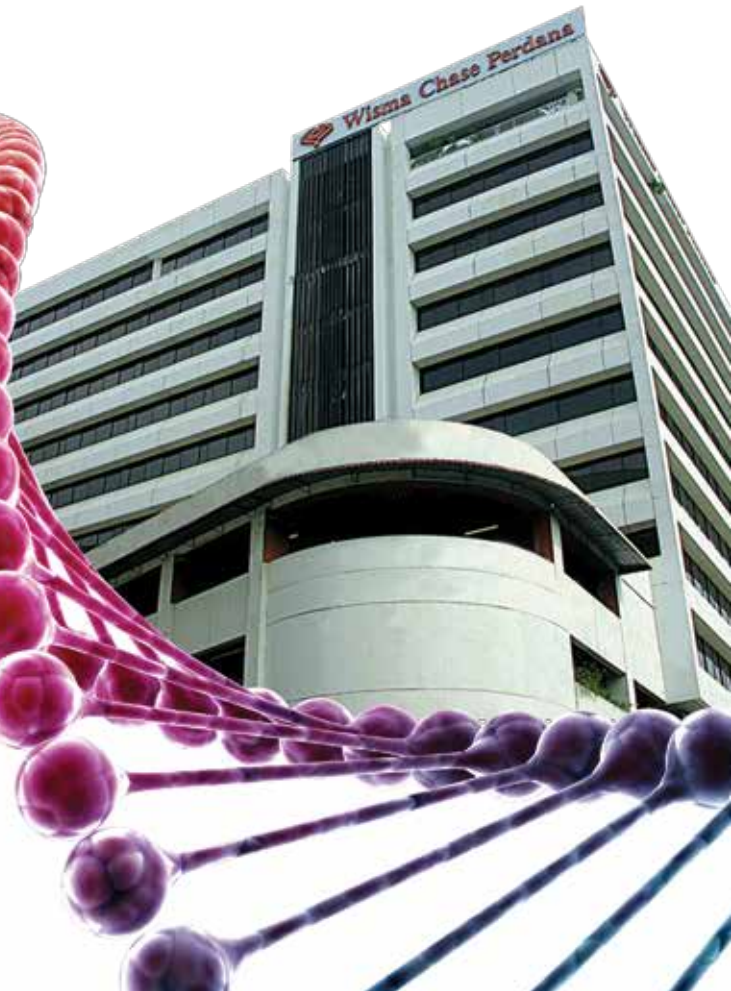


TURIYA BERHAD
55576-A

ANNUAL REPORT
2019





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CORPORATE PROFILE



Wisma Chase Perdana

Turiya Berhad (“**Turiya**” and/or the “**Company**”) (www.turiya.com.my) has a history that dates back to 1961 when it was established as a private limited company known as Sitt Tatt Sdn. Bhd. After more than 20 years of growth and expansion, Turiya was listed on the Main Board of Bursa Malaysia Securities Berhad on 19 October 1984. As at 31 March 2019, Turiya has an issued and fully paid up capital of RM280.8 million.

From its beginning as a company dealing in commodities, building materials, engine lubricants and forwarding services, Turiya started its growth strategy by expanding into industrial gases in 1974 via a joint venture with Air Products & Chemicals, Inc. USA (which was subsequently disposed in January 2007). Thereafter, the Company ventured into industrial chemicals, label printing and welding electrodes.

In 2003, Turiya diversified its business further into the semiconductor plating services, specialty chemical manufacturing for electroplating process and production of electroplating equipment through the acquisition of three Singapore companies, namely Pyramid Manufacturing Industries Pte Ltd (“Pyramid”), CEM Machinery Pte Ltd (which was disposed on 1 October 2014) and PMI Plating Services Pte Ltd (which was dissolved on 10 March 2011).

Pyramid (www.pyramidchemicals.com.sg) is principally involved in the manufacturing, distribution, research and development of specialty chemical products for the electroplating processes in the semiconductor industry. These products have wide applications in the semiconductor and electroplating industry whilst Pyramid’s proprietary electroplating process serves many leading customers in the semiconductor, electronics and automotive sectors. Pyramid is continuously exploring its Research and Development activities in the semiconductor chemical solutions and offers various solutions for specific customer requests. While electroplating remains as its core business, Pyramid continues to serve both in upstream and downstream activities as well as other industries where it shares common applications.

CORPORATE PROFILE (CONT'D)

Factory of Pyramid Manufacturing Industries Pte. Ltd.

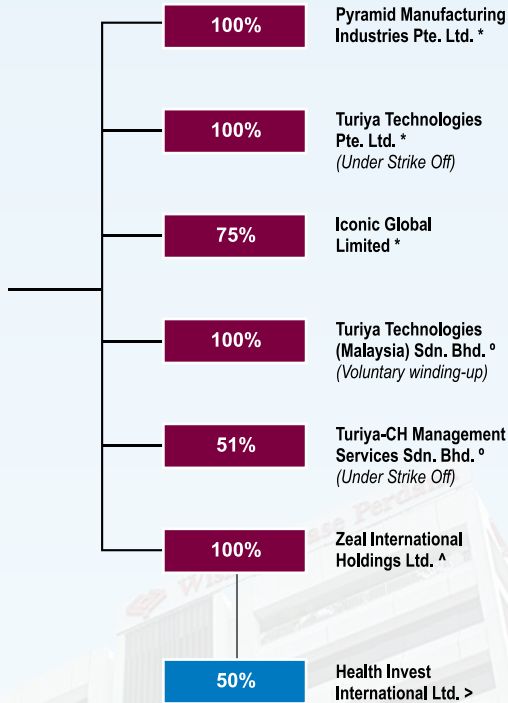
During the financial year, Turiya carried out reorganisation of the Group by striking off or winding up subsidiary companies which are dormant in order to streamline and reduce cost of operations.

- (i) Pyramid, incorporated in Singapore, was transferred from Turiya Technologies Pte Ltd ("Turiya Tech") a wholly-owned subsidiary of Turiya Tech to Turiya.
- (ii) Turiya Tech and Turiya-CH Management Services Sdn. Bhd. have no intention to carry on any business or operations. Hence, applications for striking off have been submitted.
- (iii) Dormant oversea subsidiaries that were either wound up or struck-off are:
 - a. Amcare Group International Ltd.
 - b. Alliance Health Partners Inc.
 - c. Amcare Labs International Inc.
 - d. Amcare Labs Emirates Ltd.

Due to the cyclical nature and uncertainty in the semiconductor business, the Company diversified its earnings base into property investment. In 2009, the Company completed its acquisition of Wisma Chase Perdana (WCP). WCP is an office building strategically located in Damansara Heights, Kuala Lumpur with total nett lettable area of 245,238 square feet. It is also in the proximity of Semantan Mass Rapid Transit (MRT) station, one of the stations on Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang Line. Therefore, WCP provides fast and better access to KL Sentral and Kuala Lumpur city centre. This building provides the Company a long term sustainable rental income.

Moving forward, Turiya will seek to diversify its business into other profitable growth sectors. This will provide the Company with a sound base to generate a robust yet sustainable earnings in the future.

CORPORATE STRUCTURE



° Incorporated In Malaysia
 * Incorporated In the Republic of Singapore
 > Incorporated In the British Virgin Islands
 ^ Incorporated In the Republic of Seychelles

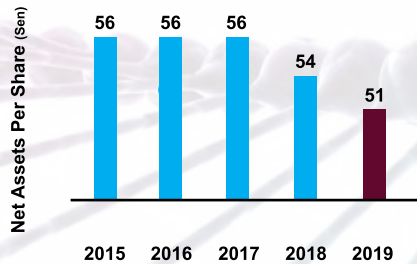
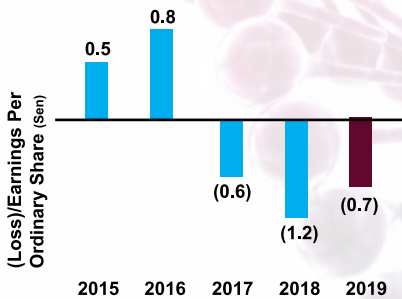
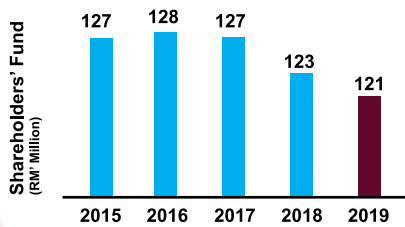
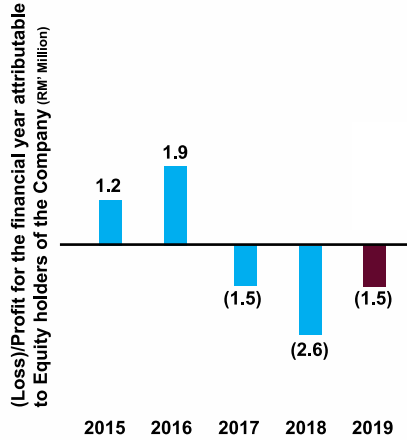
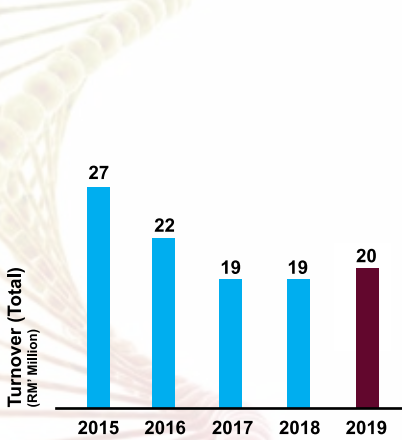
FIVE-YEAR FINANCIAL HIGHLIGHTS

| (RM'000) | Financial Year Ended 31 March | | | | |
|---|-------------------------------|---------|---------|---------|-------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 [#] |
| Turnover | | | | | |
| – Continuing operations | 20,044 | 19,383 | 19,233 | 21,773 | 26,819 |
| – Discontinued operations | - | - | - | - | - |
| (Loss)/Profit for the financial year attributable to: | | | | | |
| Equity holders of the Company | (1,583) | (2,639) | (1,451) | 1,914 | 1,230 |
| Non-controlling interests | 771 | (52) | 273 | (69) | (316) |
| Paid-up Capital | 280,778 | 280,778 | 228,728 | 228,728 | 228,728 |
| Total Tangible Assets | 172,299 | 172,213 | 173,228 | 179,228 | 185,214 |
| Shareholders' Fund | 120,766 | 122,618 | 127,249 | 128,276 | 127,210 |
| (Loss)/Earnings Per Share (sen) | (0.69) | (1.15) | (0.63) | 0.84 | 0.54 |
| Net Assets Per Ordinary Share Attributable to Equity Holders of The Company (sen) | 53 | 54 | 56 | 56 | 56 |
| Net Tangible Assets Per Share (sen) | 51 | 52 | 54 | 54 | 54 |

Note:

[#] As restated.

FIVE-YEAR FINANCIAL HIGHLIGHTS (CONT'D)



CORPORATE INFORMATION

BOARD OF DIRECTORS

- *Non-Independent Non-Executive Chairman*
Mr. Mohanadass Kanagasabai
- *Independent Non-Executive Director*
Mr. Jayapalasingam Kandiah
Mr. Abdulla Abdulaziz Ali Taleb
En. Mohd Kamal Bin Mohd Zahari
- *Non-Independent Non-Executive Director*
Ms. Usha Nathan

AUDIT COMMITTEE

- **Committee Members**
- Mr. Jayapalasingam Kandiah
(*Chairman*)
- Mr. Abdulla Abdulaziz Ali Taleb
- En. Mohd Kamal Bin Mohd Zahari

NOMINATION COMMITTEE

- **Committee Members**
- Mr. Jayapalasingam Kandiah
(*Chairman*)
- Mr. Abdulla Abdulaziz Ali Taleb
- En. Mohd Kamal Bin Mohd Zahari

REMUNERATION COMMITTEE

- **Committee Members**
- Ms. Usha Nathan
(*Chairman*)
- Mr. Jayapalasingam Kandiah
- Mr. Abdulla Abdulaziz Ali Taleb

INVESTMENT COMMITTEE

- **Committee Members**
- Mr. Jayapalasingam Kandiah
(*Chairman*)
- Ms. Usha Nathan
- Mr. Abdulla Abdulaziz Ali Taleb

RISK MANAGEMENT COMMITTEE

- **Committee Members**
- Ms. Usha Nathan
(*Chairman*)
- Mr. Jayapalasingam Kandiah
- En. Mohd Kamal Bin Mohd Zahari

COMPANY SECRETARY

- Ms. Wong Youn Kim
(*MAICSA 7018778*)

AUDITORS

- **Baker Tilly Monteiro Heng PLT**
(*LLP 001941-LCA & AF0117*)
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Telephone : 03-2297 1000
Facsimile : 03-2282 9980

REGISTERED OFFICE

- Suite 7.3, 7th Floor
Wisma Chase Perdana
Changkat Semantan
Damansara Heights
50490 Kuala Lumpur
Telephone : 03-2718 3800
Facsimile : 03-2094 1073

PRINCIPAL PLACE OF BUSINESSES

- **MALAYSIA**
Turiya Berhad
Suite 7.3, 7th Floor
Wisma Chase Perdana
Changkat Semantan
Damansara Heights
50490 Kuala Lumpur
Telephone : 03-2718 3800
Facsimile : 03-2732 7150
- **SINGAPORE**
Pyramid Manufacturing Industries Pte. Ltd.
No. 87, Tuas Avenue 1
Singapore 639519.
Telephone : 65-6862 1900
Facsimile : 65-6861 5418/
65-6863 1733

SHARE REGISTRAR

- **Boardroom Share Registrars Sdn. Bhd.**
(*Formerly known as Symphony Share Registrars Sdn. Bhd.*)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone : 03-7849 0777
Facsimile : 03-7841 8151/
03-7841 8152/
03-7841 8100

PRINCIPAL BANKERS

- CIMB Bank Berhad
- Bank Kerjasama Rakyat Malaysia Berhad
- United Overseas Bank Ltd., Singapore
- DBS Bank Ltd., Singapore

STOCK EXCHANGE LISTING

Listed on the Main Board of Bursa Malaysia Securities Berhad on 19 October 1984.

Sector : Technology
Stock name : TURIYA
Stock code : 4359

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

On behalf my fellow members of the Board of Directors (the “Board”) of Turiya Berhad (the “Company”), I am pleased to present the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 March 2019 (the “Year”).

We went through a year of prolonged downturn in the market for office tenancy and we will be facing another year of glut in office space. Our business in Semi-Conductor industry continued to be profitable.

Further information of Turiya’s performance for the Year is detailed in the Management Discussion and Analysis.

CORPORATE GOVERNANCE

The Board established the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders’ value.

In line with good corporate governance principles and practices, the Board of Directors will continue to enhance its role in the Company by upholding business accountability, transparency and responsibility to safeguard the interest of all the investors and preserve shareholders value.

New business opportunities will be explored to improve the financial performance and enhance shareholder value. Cost cutting measures have been implemented to manage cash flow and operations.

The Group’s focus now is to improve the tenancy in its investment property and manage the Singapore operations profitably.

DIVIDEND

The Board of Directors does not recommend any dividend for the current financial year.

APPRECIATION

I would like to convey my deepest appreciation and gratitude to my fellow Directors for their invaluable support and contribution throughout the year as well as to record my appreciation to our employees for their dedication and commitment.

Lastly, I extend my sincere gratitude to our tenants, customers, suppliers, business partners, government authorities and business associates. Thank you for your continuous support and trust.

Mohanadass Kanagasabai
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Office Tenancy Market

Throughout the financial year, office tenancy market was weak with very poor demand despite offering competitive rates. Hence, the second half of 2019 will turn out to be poor as the tenant-led office market continues to be under pressure with increase in supply and poor demand. As highlighted in the previous year, the gap between the increase in office supply and the weak demand for office space continued to widen as businesses remain cautious on expansion.

To remain relevant and competitive in a challenging tenant-favoured office tenancy market, there may be opportunities for older buildings to undergo redevelopment to match market demand. Gradually, we are refurbishing and replacing the air-conditioning system and rejuvenating our common areas.

Semiconductor Market

The semiconductor business is cyclical in nature, susceptible to global economic changes. According to the latest forecast from World Semiconductor Trade Statistics ("WSTS"), an organization of more than 55 chip suppliers that pool sales data, WSTS expects the world semiconductor market to be down in 2019 to US\$ 412 billion. This reflects expected decrease in almost all major categories, with an extraordinary decrease from Memory at 30.6 percent followed by Analog with 5.0 percent and Logic with 4.0 percent. In 2019, all geographical regions are expected to decrease. For 2020, all regions are forecasted to grow with the overall market up 5.4 percent, with Memory contributing the highest growth followed by Optoelectronics and Logic.

Turiya's business in semiconductor plating service depends on the industry cycle. Therefore, it is expected that the revenue will increase in next financial year.

| | 2019 RM Million | 2018 RM Million | Changes % |
|-----------------------------|--------------------|--------------------|--------------|
| FINANCIAL OVERVIEW | | | |
| Total Revenue | 20.04 | 19.38 | 0.03 |
| Loss for the Financial Year | (0.81) | (2.69) | 0.69 |

The Group recorded revenue of RM20.04 million for the financial year ended 31st March 2019 as compared to RM19.38 million in the preceding financial year. This represent an increase of RM0.66 million or 0.03% which was mainly due improvement in revenue in the semiconductor segment for the financial year.

The Group recorded loss of RM0.81 million for the financial year ended 31st March 2019 as compared to loss of RM2.69 in the preceding financial year.

FUTURE OUTLOOK

The management will continue its efforts in increasing the tenancy, operational efficiency, effective cost management and seeking new business opportunities.

DIRECTORS' PROFILE

MOHANADASS KANAGASABAI *Non-Independent Non-Executive Chairman*

Mr. Mohanadass Kanagasabai, a Malaysian, aged 55, was appointed to the Board of Turiya as Non-Independent Non-Executive Chairman on 11 June 2018.

Mr. Mohanadass holds a LLB Honours from University of Buckingham and the Certificate of Legal Practice.

He has over 20 years of experience in legal practice since 1999 and is currently as Managing Partner at Mohanadass Partnership having appeared as counsel in numerous disputes at all levels of the High Court of Malaysia and in domestic and international arbitration. He has also been granted special ad-hoc admission to appear at the High Court of Borneo as counsel in arbitration related matters. He is rated by the Asia Pacific Legal 500 as a leading individual for dispute resolution in Malaysia, and also noted for his expertise in Chambers and Partners. Described as an "Arbitration Specialist" with a "giant reputation", Mr. Mohan is a former President of the Malaysia Institute of Arbitrators and former Chair of the Dispute Resolution and Arbitration Committee of the Inter Pacific Bar Association.

He does not have any family relationship with any other director and/or any major shareholder of the Company nor does he has any conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years.

DIRECTORS' PROFILE (CONT'D)

USHA NATHAN

Non-Independent Non-Executive Director

Ms. Usha Nathan, a Malaysian, aged 49, was appointed to the Board of Turiya on 1 March 1999 as an Alternate Director and subsequently appointed as Non-Executive Director of the Company on 16 January 2001. Thereafter on 13 July 2005, she was re-designated as an Independent Non-Executive Director of Turiya. On 10 July 2014, she was re-designated as Non-Independent Non-Executive Director of Turiya. She is the Chairman of the Remuneration Committee and Risk Management Committee of the Company.

She holds a Bachelors Degree in Business Administration from the International Islamic University, Malaysia.

She joined Chase Perdana Sdn Bhd ("CPSB"), a sister company of Turiya on 1 September 1994 in the Corporate Affairs & Business Development Department. Prior to joining CPSB, she was attached to a pharmaceutical multinational company in the Product Development Department.

She is currently also a Non-Executive Director of Epsom Properties Limited, a company listed on Bombay Stock Exchange and Chennai Stock Exchange.

She does not have any family relationship with any other director and/or any major shareholder of the Company nor does she has any conflict of interest with the Company.

She has not been convicted for any offence within the past 5 years.

DIRECTORS' PROFILE (CONT'D)

JAYAPALASINGAM KANDIAH *Independent Non-Executive Director*

Mr. Jayapalasingam Kandiah, a Malaysian, aged 71, was appointed to the Board of Turiya as an Independent Non-Executive Director on 24 November 2011. On 20 February 2013, he was re-designated as the Non-Independent Non-Executive Director of Turiya. On 19 May 2014, he was designated as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and also a member of the Nomination Committee and Risk Management Committee of the Company.

Mr. Jayapalasingam is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and holds a Bachelor of Law Degree from University of London and possesses the Certificate of Legal Practice.

He has been in practice as a Chartered Accountant since 1975 and is currently a partner in Noordin Jaafar Chartered Accountants, member firm of Nexia International. He is currently the partner overseeing the transaction services including insolvencies, mergers and restructuring.

He does not have any family relationship with any other director and/or any major shareholder of the Company nor does he has any conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years.

DIRECTORS' PROFILE (CONT'D)

ABDULLA ABDULAZIZ ALI TALEB *Independent Non-Executive Director*

Mr. Abdulla Taleb, a Bahraini, aged 40, was appointed to the Board of Turiya Berhad as an Independent Non-Executive Director on 24 May 2016. He has more than 18 year experience in banking and currently he is heading Business Banking Group Department of Ithmaar Bank Bahrain. Besides that Mr. Abdulla has strong work experience in a number of banking functions including Islamic financial services, corporate banking, capital markets and credits. Prior to join Ithmaar Bank he held senior positions in various banks and financial institutions including BNI Bank, First Investment Bank, Shamil Bank of Bahrain and Khaleej Finance & Investments.

Mr. Abdulla has a Bachelor degree in Banking Finance from Kingdom University and Associate Diploma in Economics Banking and finance from University of Bahrain. He also holds Advanced Diploma in Islamic Banking from Bahrain Institute of Banking and Finance.

He does not have any family relationship with any other director and/or any major shareholder of the Company nor does he has any conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years.

DIRECTORS' PROFILE (CONT'D)

MOHD KAMAL BIN MOHD ZAHARI *Independent Non-Executive Director*

En. Mohd Kamal Bin Mohd Zahari, a Malaysian, aged 46, was appointed to the Board of Turiya as an Independent Non-Executive Director on 11 July 2018. He is a member of the Audit Committee and Nomination Committee of the Company.

En. Mohd Kamal is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, and the Chartered Tax Institute of Malaysia and holds a Master of Business Administration and Bachelor of Accounting (Hons), from University Utara Malaysia.

En. Mohd Kamal's career in auditing was with Singam & Yong Chartered Accountants from 1997 to 2000. He currently is an Audit Partner in Kamal Zahari & Co and Zariman & Kamal professional firms of Chartered Accountants and members of the Malaysian Institute of Accountants. He has over 22 years of experience in auditing.

He does not have any family relationship with any other director and/or any major shareholder of the Company nor does he has any conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years.

SENIOR MANAGERMENTS' PROFILE

IR. SATHAPPAN GANESON *Acting Chief Operation Officer*

Ir. Sathappan Ganeson, a Malaysian aged 46, is the Acting Chief Operations Officer appointed on 5 September 2017.

Ir. Sathappan Ganeson's academic background includes double Degree in Mechanical Engineering from Universiti Teknologi Malaysia and Electrical & Electronics Engineering from Engineering Council (UK). He also holds Master in Business Administration from James Cook University, Australia.

He has more than 24 years of experience in international engineering consultancy, construction and property development and currently engaged by Chase Perdana Sdn Bhd as an Executive Director (a sister company of Turiya Berhad).

Ir. Sathappan Ganeson professional affiliations include among others The Board of Engineers' Malaysia as Professional Engineer with Practicing Certificate (PEPC), The Engineering Council, United Kingdom as Chartered Engineer (CEng) and The Institution of Engineering & Technology, United Kingdom as a Chartered Member (MIET).

He does not have any family relationship with any other director and/or any major shareholder of the Company nor does he has any conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years.

SENIOR MANAGERMENTS' PROFILE (CONT'D)

SANI AZMAN BIN MD HANAFIAH

General Manager - Finance

En. Sani Azman Bin Md Hanafiah, a Malaysian, aged 45, joined Turiya Berhad as a General Manager – Finance on 1 April 2018. He is a member of the Malaysian Institute of Accountants, holds a Bachelor of Accounting (Hons), from International Islamic University Malaysia. He has more than 21 years of experience in finance, accounting, tax, business development and strategy management.

He does not have any family relationship with any other director and/or any major shareholder of the Company nor does he has any conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee of Turiya Berhad (“Turiya” or “the Company”) is chaired by an Independent Director, comprises of three members, all of whom are Non-Executive Independent Directors. The current composition meets the requirement of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”). The Audit Committee currently comprises the following Non-Executive Directors, namely:

Mr. Jayapalasingam Kandiah (*Chairman*)
 Mr. Abdulla Abdulaziz Ali Taleb
 En. Mohd Kamal bin Mohd Zahari

The Audit Committee is authorised by the Board to independently investigate any activity within its Terms of Reference and shall have unrestricted access to information pertaining to the Group, from the internal and external auditors, Management and all employees.

MEETINGS

During the financial year, the Audit Committee conducted 5 meetings of which all were duly convened with sufficient notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executives were invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors’ audit plans, audit reports and the audited financial statements for the financial year ended 31 March 2019.

In the Audit Committee meetings, the external auditors were given opportunities to raise any matters and unrestricted access to contact members of the Audit Committee at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meetings and subsequently presented to the Board for notation.

Details of attendance of the Audit Committee members at the Audit Committee meetings are as follows:

| Committee Member | Meeting Attended |
|---------------------------------|------------------|
| Mr. Jayapalasingam Kandiah | 5/5 |
| Mr. Abdulla Abdulaziz Ali Taleb | 5/5 |
| En. Mohd Kamal Bin Mohd Zahari | 5/5 |

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

The Audit Committees' activities during the financial year under review comprised the following:

Quarterly Financial Statements and Audited Financial Statements

- reviewed the quarterly unaudited financial results before recommending them for Board's approval, focusing particularly on:
 - Any change in accounting policies
 - Significant adjustments arising from audit reviews
 - Compliance with accounting standards and other legal requirements
- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board.

External Auditors

- reviewed the external audit planning memorandum, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.
- the total cost incurred in external audit amounted to RM142,346.

Internal Auditors

The Group outsources its Internal Audit Function to a professional firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Auditors report directly to the Audit Committee. The appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operations.

The Audit Committee reviewed the following internal auditors' reports:

- Controls Over Expenditure Cycle (HQ)
- Follow Up Audit on Rental Income and Occupancy of Wisma Chase Perdana
- Controls Over General Ledger And Treasury Cycle (HQ)
- Follow-up audit on Financial Controls Over Expenditure Cycle – Pyramid Manufacturing Industries Pte. Ltd.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES (Cont'd)

Internal Control and Risk Management

- reviewed the internal audit plan for adequacy scope and coverage and risk areas;
- reviewed risk management report and internal audit reports;
- reviewed the effectiveness and adequacy of risk management, operational and compliance processes;
- reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised;
- reviewed audit work programme and processes; and
- reviewed the adequacy and independence of the Group's Internal Audit Function.

INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit Function is to provide the Board, through the Audit Committee, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of internal auditors are fully discharged, the Audit Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The Internal Auditors also highlight to the Audit Committee the audit findings which require follow-up action by Management as well as outstanding audit issues which require corrective action to ensure that there is an adequate and effective internal control system within the Group.

The total cost incurred in internal audit amounted to RM28,845.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the Audit Committee reviewed the recurrent related party transactions ("RRPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.

The Audit Committee reviewed the RRPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The Audit Committee also ensured that adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transactions.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of Turiya Berhad (“Turiya” or “the Company” or “the Group”) is committed to uphold high standards of corporate governance throughout the Group’s operations with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) except where stated otherwise.

Details of the Group’s application of each practice set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group’s website at www.turiya.com.my

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 – Board Duties and Responsibilities

The Board is responsible and accountable to the Company’s shareholders and various stakeholders in order to achieve sustainability and long term success through its effective leadership and management of the Company’s business. Hence, the Board is responsible for the long-term performance of the Group and for overseeing the Group’s strategy and monitoring its operations.

The Board’s principal function is to address all the significant matters as it is accountable under the applicable laws and regulations for the Group’s activities, strategies, financial position and performance. The Board delegates certain functions to the Board Committees, Acting Chief Operating Officer (ACOO) and the Management for implementing the Group’s strategic direction and for managing its day-to-day operations. The Board has delegated specific responsibilities to the committees to assist the Board in corporate governance and operations of the Group. The functions and the Terms of Reference (“TOR”) of the committees have been defined by the Board in the TOR of the respective committees. The Key Matters reserved for the Board’s approval are specified in the Board Charter.

The Board adheres to the Code of Conduct and Ethics for Directors which highlights the criterias that directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:

- Leads, controls, provides strategic direction and has the overall responsibility for corporate governance.
- Formulates key policies, overseeing investments and businesses for the Group.
- Ensures that the Company has appropriate corporate disclosure policies and procedures.
- Establish succession planning and ensures that all candidates appointed to senior management are of sufficient calibre.
- Identifies principal risks and to ensures the implementation of appropriate internal control.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Practice 1.2 – Chairman

The Chairman of the Board is a Non-Independent Non-Executive Chairman. The Chairman is capable to lead the Board based on his leadership skill, education level and extensive working experience. As the Chairman plays important role in Board, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Company, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision making process of the Board.

The Chairman is responsible to promote and oversee the standards of Corporate Governance within the Board and the Company. The Chairman ensures that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

The Chairman takes a leading role in determining the composition and structure of the board. This will involve regular reviews of the overall size of the board, the balance between executive and non-executive directors and the balance of age, experience and qualifications of the directors.

The Chairman, whose primary role is to preside over board meetings, has the significant role to ensure that all directors' views are heard, ensure sufficient time for discussion of each agenda, as well as to provide fair opportunity to all directors to participate actively and constructively during the meetings.

Practice 1.3 – Separation in the Roles of Chairman and Chief Operating Officer

The roles of Chairman and ACOO are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter. It is made available for reference on the Company's Website. The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including ensuring all directors receive sufficient relevant information on all financial, business operations and corporate matters to enable each of them to participate actively and effectively in Board Decisions. The ACOO is responsible for the efficient and effective management of the business operations and strategic direction of the Company.

Practice 1.4 – Company Secretary

The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures and corporate compliances.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Practice 1.4 – Company Secretary (Cont'd)

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. The Company Secretary advises and circulates relevant guidelines on new and amended statutory and regulatory requirements from time to time for Board's reference and brief the Board on these updates at Board meetings. The Company Secretary ensures that the company and its directors operate within the law.

The Company Secretary also attends all Board and Board Committee meetings and ensures that the discussions on key issues and decisions thereon are properly recorded. The Company Secretary is directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the corporate documents of the Board, facilitate the Board's communications and monitoring of the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretary.

Practice 1.5 – Information and Support for Directors

The Board of Directors' Meetings are held on a quarterly basis and at other times as required. All the Directors attended the Board meetings held during the financial year.

All Directors had committed their time to the board meetings held during the financial year and each Director, in the discharge of his or her duties, had participated actively at the meetings.

There were five (5) Board meetings held during the financial year ended 31 March 2019. The attendance of each Director at the Board meetings who held office during the financial year is set out below:

| Name of Directors | Meeting Attended |
|---------------------------------|------------------|
| Mr. Jayapalasingam Kandiah | 5/5 |
| Ms. Usha Nathan | 5/5 |
| Mr. Abdulla Abdulaziz Ali Taleb | 5/5 |
| Mr. Mohanadass Kanagasabai | 3/5 |
| En. Mohd Kamal Bin Mohd Zahari | 5/5 |

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Practice 1.5 – Information and Support for Directors (Cont'd)

Board meetings are a platform for exchange of views, with Directors bringing their experience and independent judgment to discuss the issues at hand. During these meetings, the Board discusses, amongst other matters, the Company's financial position, company policies, risks management, as well as management's performance based on the corporate targets and budget.

Each Board member is supplied in advance with an agenda, which include minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow the directors sufficient time to review and to deliberate at the board meetings and to facilitate informed decision making by the directors. Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

In between Board meetings, matters requiring Board's approval were sanctioned by way of circular resolutions where relevant information on the subject matter was enclosed.

All the Directors had the right of access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly included sessions on recent key developments in governance and other corporate matters affecting the Company's businesses.

Practice 2.1 – Board Charter

The Board Charter sets out the roles and responsibilities, composition and processes of the Board of Directors ("the Board"). It provides an overview of how the Board leads and provides direction to the Management of the Company. It also sets out the delegation of authority by the Board to various Committees to ensure the Board members in performing their responsibilities on behalf of the Company would act in the best interest of all shareholders. In addition, this Board Charter also outlines the core principles of Corporate Governance to which the Company subscribes.

The Board has established five (5) Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee, Investment Committee and Risk Management Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own TOR which sets out its functions and duties, composition, rights and meeting procedures. The Board Charter are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Practice 3.1 – Code of Conduct and Ethics

The Company has adopted this Code to provide guidance to every member of the Company's Board of Directors. Each Director is responsible for reading and understanding this Code, and using it as a guide in the performance of his or her responsibilities as a Director. The Board is committed to establish a corporate culture that promotes ethical conduct throughout the Company and ensures that its business is conducted with integrity, transparency and fairness. In discharging its fiduciary duties, the Board must at all times act in good faith and in the best interests of the Company and at the same time ensuring that its obligation to shareholders and stakeholders are met. All of its Directors help foster a sense of commitment to this Code among all Directors, and to foster a culture of fairness, honesty and accountability within the Company.

The Board and all employees are guided by the Company's core values and policies, as well as relevant regulatory requirements and standards which regulate appropriate conduct and ethics within the Company. The Company has established the following policies and procedures to provide direction and guidance to all Directors, Senior Management, employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Company:

- (a) Corporate Disclosure and Investor Relations Policy;
- (b) Financial Management Policy and Strategy;
- (c) Whistle Blowing Policy; and
- (d) Human Resources Manuals, Policies, Regulations and Procedures; and Terms and Conditions of Employment;

The policies cover the Company's employees, Directors, customers, vendors and other stakeholders to the extent that any of the Company's resources are involved or impacted. All employees are responsible to protect the assets and reputation of the Company and are expected to remain vigilant in detecting and reporting of any fraudulent activities to the established channels stated in the Company's Human Resource Manual. The Chairman has the specific and exclusive responsibility to ensure that all reported complaints are promptly investigated and addressed.

Practice 3.2 – Whistle-blowing Policy

The Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It has established the Whistle-blowing Policy that provide a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Practice 3.2 – Whistle-blowing Policy (Cont'd)

The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures, appropriate management officials are charged with these responsibilities. This policy is to provide an avenue for all employees of the Company and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. In addition, an employee who whistleblows internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Company, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

It outlines the procedures for reporting a genuine concern on any breach of conduct that is taking place, has taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith. The Whistle-blowing Policy is reviewed annually and is available on the Company's website.

II. Board Composition

Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors

The Board recognizes the importance of having a diverse Board in terms of age, qualification and gender to provide the necessary range of perspectives, experience and expertise in bringing value to the Company.

The present Board, comprises five (5) Directors i.e. one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The Chairman and the ACOO are responsible for making the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities between them in order to maintain a balance of control, power and authority within the Management.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors (Cont'd)

The Independent Non-Executive Directors have crucial role in ensuring that the Board is an effective board and through which good corporate governance can be promoted throughout the entire Company. They expect to provide a balanced and independent view. It calls for persons of caliber, integrity, with requisite business acumen, and the credibility, skills and experience to bring independent judgement on issues of strategy, performance, and resources, including key appointments and standards of conduct. Independent Directors must be given free access to the records and information of the company as well as independent legal advice and the services of the company secretary if they find this to be necessary to fulfil their duties.

The Board reviews and assesses the independence of directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company.

The Board has also carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors had demonstrated independence in character and judgement, and had always looked out for the best interest of the Company. The Independent Directors have provided independent view based on their experience and knowledge that allow for diverse and objectives perspectives on the Group's business and direction.

In line with the recommendation of the Code, the tenure of an Independent director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' appropriate approval will be sought.

Practice 4.4 and 4.6 – Diversity on Board and in Senior Management & Sourcing of Directors

The Board reviews from time to time the composition of the Board and considers new appointment when the need arises. The Nomination Committee is responsible for assessing and making recommendations to the Board of Directors based on recruitment criteria established by the Board.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Practice 4.4 and 4.6 – Diversity on Board and in Senior Management & Sourcing of Directors (Cont'd)

The Nomination Committee has the responsibility to ensure that the composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

Three of the Directors have attended and successfully completed the Mandatory Accreditation Programme accredited by Bursa Malaysia Securities Berhad (BMSB). In addition, seminars and conferences organized by BMSB, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs amongst the Directors and enrolled themselves for the training programmes as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

All directors are also provided with updates from time to time by the Company Secretary and auditors on matters relating to Directors' duties and responsibilities, as well as on relevant regulations. The Company Secretary ensures all appointments are properly made and all necessary information required by the new directors for the proper discharge of their duties is obtained. Mr. Mohanadass Kanagasabai and En. Mohd Kamal Bin Mohd Zahari were appointed on 11 June 2018 and 11 July 2018 respectively.

When considering nomination or re-election of Directors, the Nomination Committee also takes into account the Director's ability to devote sufficient time and attention to properly fulfill his/her responsibilities. Besides attending all meetings of the Board and Board Committees on which he or she serves, each member is expected to be present in all shareholders' meetings, major Company events and to participate in continuing training programs. The proposed date for AGM are also notified to all Board members in advance, to enable all Directors to be present at the meeting and engage with the shareholders.

The Chairman and the ACOO are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. The Chairman and the ACOO shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Chairman and ACOO take into account the candidate's qualification, experience, competence and character. Newly appointed key senior management will have to undergo induction training and/or any other programs.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Practice 4.5 – Gender Diversity

The Board through the Nomination Committee will consider appropriate targets for appointment as Board members in terms of gender, ethnicity and age and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. According to the Board Charter, the Board comprise of four male directors and one female director.

The Board is satisfied that the current Board composition fairly reflects a good mix of knowledge, skills and experience. Through its Nomination Committee, the Board will continue to review its structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

Practice 4.7 – Nomination Committee

The Company's Nomination Committee comprised three (3) Non-Executive Directors. The members of the Nomination Committee are as follows:

1. Mr. Jayapalasingam Kandiah (*Chairman*)
2. Mr. Abdulla Abdulaziz Ali Taleb
3. En. Mohd Kamal Bin Mohd Zahari

The Board has been through the Nomination Committee, assessed on an annual basis with the size, composition, mix of skills, experience, competencies of the existing Board, the individual Directors, the independence and tenure of the Independent Directors, and the effectiveness of the Board and the Board Committees, to identify gaps in the Board composition and the needs to identify and select new members to the Board or Board Committees.

The TOR of the Nomination Committee are available at the Company's website at www.turiya.com.my.

The Company's Articles of Association provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Practice 4.7 – Nomination Committee (Cont'd)

During the financial year, the Nomination Committee had carried out the following activities:

- (a) assessed the performance of the Board, Board Committees and individual Directors, including the term of office and performance of the Audit and Risk Committee and each of its members;
- (b) assessed the independence of all three (3) Independent Directors;
- (c) reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM;
- (d) reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the Board's size on its effectiveness; and
- (e) ensure all Directors receive appropriate continuous training programmes;

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee annually performs board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' Performance Evaluation which covers matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee is done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee has concluded the following:

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
- (c) The Directors have discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The Board Chairman had minded the leadership as well as contributed to the Board.
- (f) The performances of the Board Committees were found to be effective.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Practice 5.1 – Evaluation for Board, Board Committees and Individual Directors (Cont'd)

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industries and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by BMSB for Directors of public listed Companies.

During the financial year 31 March 2019, besides from attending the briefings conducted by Company Secretary pertaining to the Malaysian Code on Corporate Governance, Listing Requirement and Companies Act, 2016. In addition, the External Auditors also briefed the Board Members on any changes to the Malaysian Financial Reporting Standard that affect the Group's Financial Statement during the year.

III. Remuneration

Practice 6.1 – Remuneration Policy

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviews and recommends to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors abstain from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensating the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency and capability in living up to the Group's core values and Leadership and Management Expectations.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration (Cont'd)

Practice 6.2 - Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its TOR which is available on the Company's website.

The Remuneration Committee comprises three (3) Members, the majority of which is Non-Executive Directors. The members of the Remuneration Committee are as follows:

1. Ms. Usha Nathan (*Chairman*)
2. Mr. Abdulla Abdulaziz Ali Taleb
3. Mr. Jayapalasingam Kandiah

The responsibilities of the Remuneration Committee are as follows:

- (a) review and assess the performance and the remuneration package of the Executive Directors and key Senior Management;
- (b) review and assess the Directors' fees and benefits payable for the financial year;
- (c) review and update its TOR;
- (d) review the Board Remuneration Policy; and
- (e) provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors and Senior management.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration (Cont'd)

Practice 7.1 - Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the remuneration packages of the Executive Directors shall include a compensation payment amounting up to six (6) months of that Director's last drawn salary, in the event of loss of office.

The details of individual Directors' remuneration are as follows:

Group Level

| Name of Directors | Salaries and Other Emoluments (RM'000) | Bonus (RM'000) | EPF and SOCSO (RM'000) | Benefits in Kind (RM'000) | Total (RM'000) |
|---------------------------------|--|----------------|------------------------|---------------------------|----------------|
| Non-Executive Directors | | | | | |
| Mr. Jayapalasingam Kandiah | 57 | 0 | 0 | 0 | 57 |
| Ms. Usha Nathan | 128* | 0 | 0 | 0 | 128* |
| Mr. Abdulla Abdulaziz Ali Taleb | 0 | 0 | 0 | 0 | 0 |
| Mr. Mohanadass Kanagasabai | 59 | 0 | 0 | 0 | 59 |
| En. Mohd Kamal Bin Mohd Zahari | 41 | 0 | 0 | 0 | 41 |
| Datin Sunita Mei-Lin Rajakumar | 3 | 0 | 0 | 0 | 3 |

* Malaysia RM55,900 and Singapore SGD24,000 (RM72,126)

Remuneration of Senior Management

The remuneration of the Senior Management are set out as follows:

| Range of Remuneration (RM) | Number of Senior Management |
|----------------------------|-----------------------------|
| RM200,000 to RM350,000 | 0 |
| RM350,001 to RM400,000 | 0 |
| RM400,001 to RM450,000 | 0 |
| RM450,001 to RM500,000 | 0 |

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talent. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by disclosure in RM50,000 bands.)

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Practice 8.1, 8.4 and 8.5 – Audit Committee

The Audit Committee consists of the following members:

- 1) Mr. Jayapalasingam Kandiah (*Chairman*)
- 2) Mr. Abdulla Abdulaziz Ali Taleb (*Member*)
- 3) En. Mohd Kamal Bin Mohd Zahari (*Member*)

The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee comprises wholly of Independent Non- Executive Directors. The Audit Committee's Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its TOR which are available on the Company's website.

Practice 8.2 and 8.3 – Oversight of External Auditors

During the financial year, in line with the recommended practice 8.2 of the MCGG, the Audit Committee has revised its TOR to include a clause on a minimum cooling-off period of two (2) years before a former key audit partner can be appointed as a member of the Audit Committee.

The Group engaged the External Auditors to perform a non-audit services including review of the Statement of Risk Management and Internal Control. The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The Audit Committee ensures that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

In the course of their audit, the External Auditors highlighted to the Audit Committee matters pertaining to the financial reporting. Private meetings between them were held twice during the financial year without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. Risk Management and Internal Control Framework

Practice 9.1, 9.2 and 9.3 – Board Responsibility on Risk Management and Internal Control

The Risk Management Committee consists of the following members:

- 1) Ms. Usha Nathan (*Chairman*)
- 2) Mr. Jayapalasingam Kandiah (*Member*)
- 3) En. Mohd Kamal Bin Mohd Zahari (*Member*)

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities. The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of BMSB is separately set out in the Annual Report.

The Board recognizes risk management as an integral element of business and operations. Objective of the Company's ongoing risk assessment process is to ensure key risk areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects on achievement of business objectives. The Company's overall risk appetite is based on assessment of the Company's existing risk management capabilities and capacity.

The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Management and internal audit function, the Board ensures the adequacy and effectiveness of the Company's risk management and internal control practices. The Board is responsible to ensure that the Company complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Company. The Risk Management Committee assists the Board to oversee and review the effectiveness of the Company's risk management and internal control systems. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Company's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. Risk Management and Internal Control Framework (Cont'd)

Practice 10.1 and 10.2 – Internal Audit function

The Group outsources its internal audit function to a firm, Raki CS Tan & Ramanan. The Head of the Internal Auditors is a member of the Institute of Internal Auditors Malaysia and possesses the skills, experience and competency to carry out the internal audit work effectively. The Internal Auditors provide an independent evaluation on the effectiveness of the risk management, control and governance processes in the Group. In addition, the Internal Auditors carry out a follow-up review on the issues raised in the previous internal audit report and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The independent internal audit function is reporting directly to the Risk Management Committee. To ensure that the responsibilities of internal auditors are fully discharged, the Risk Management Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

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

I. Communication with Stakeholders

Practice 11.1 – Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promote investor confidence.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

I. Communication with Stakeholders (Cont'd)

Practice 11.1 – Communication with Stakeholders (Cont'd)

The Board is ultimately responsible for ensuring the Company's disclosure requirements are fulfilled and overseeing the implementation of the Group's communications policy. The Company has in place an Investor Relations Policy which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:

- (a) The Annual Report, which contains information such as Management Discussion and Analysis, financial statements, and information on the Audit Committee, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control;
- (b) Various announcements made to BMSB, which include timely release of financial results on a quarterly basis. Concurrent with these releases, the Company posts all announcements on its website; and
- (c) Attending to shareholders' and investors' emails and phone enquiries; and
- (d) The Company's website at www.turiya.com.my under Investor Relations section, which contain annual reports, quarterly report announcements, stock and other corporate information on Turiya Berhad. The website also provides Investor Relations contact for shareholders to direct their queries or concerns to.

Timely release of quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

II. Conduct of General Meetings

Practice 12.1 – Notice of General Meeting

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

The Notice of General Meetings together with a copy of the Company's Annual Report and/ or Circular to Shareholders will be dispatched to shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time for the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations and more importantly, it provides an avenue for the shareholders to make enquires on the resolutions being proposed and to seek clarification on the business and performance of the company. Shareholders are invited to the general meetings through a notice of meeting that specifies the venue, day and hour of the meeting, as well as the business of the meeting.

Practice 12.2 – Attendance of Directors at General Meetings

Turiya's AGM is an important means of communicating with its shareholders. It enables the shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and of the Group.

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group.

The Chairperson plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective Chairman of the Board Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors also attend the AGM and are available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.

Practice 12.3 – Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to BMSB on the same day, which is also accessible on the Company's website.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

II. Conduct of General Meetings (Cont'd)

Practice 12.3 – Voting (Cont'd)

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

STATEMENT OF COMPLIANCE WITH THE CODE

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

**STATEMENT ON DIRECTORS' RESPONSIBILITY
IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS**
(Pursuant to Paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia)

The Act places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2019, the Group has conformed to the appropriate accounting policies and applied them consistently and prudently and that measures have been taken to ensure that the accounting records are properly kept in accordance with the law.

The Directors also have the general responsibility to take such steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities relevant to preparation and fair presentation of financial statements that are free from material misstatement.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors (“Board”) acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. The Board is pleased to outline the state of risk management and internal control of the Group for the financial year ended 31 March 2019 pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”).

2. BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility for the Group’s system of risk management and internal control and for reviewing its effectiveness, adequacy and integrity. However, in view of the limitations that are inherent in any system of risk management and internal control, the Board is aware that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement, fraud or loss.

The Board is assisted by Senior Management in implementing the Board approved policies and procedures to assure that the Group’s risk management and internal control system are operating adequately and effectively by:

- a. Identifying and analysing risk information;
- b. Designing and operating suitable internal control to manage these risks; and
- c. Monitoring risk changes and the appropriate action plans.

The key features of the risk management and internal control system are described below.

3. KEY ELEMENTS OF INTERNAL CONTROLS

(a) Risk Management Framework

The Board has formed a Risk Management Committee (“RMC”) which will assist the Board on the ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which had been in place for the year under review. This process is regularly reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance For Directors of Public Listed Companies.

The Management is responsible for the identification and evaluation of key risks applicable to their areas of business activities on a continuous basis. Risks identified are reported on a timely manner during the periodic management meetings to enable corrective actions to be taken.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

3. KEY ELEMENTS OF INTERNAL CONTROLS (Cont'd)

(b) Internal Audit

The Group's system of internal control is regularly reviewed for its effectiveness in managing key risks. The internal audit function focuses on areas of priority as determined by the risk assessment of the auditable areas. Where significant weaknesses have been identified, improvements are recommended to strengthen controls.

The internal audit reports are tabled at Audit Committee ("AC") meetings for members' review.

(c) Other Key Elements of Internal Controls

Other key elements of the Group's system of internal control are as follows:

- The Group has an appropriate organisational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group. In addition, lines of responsibility and delegations of authority are clearly defined.
- The AC is assisted by the Senior Management team in matters related to internal control to ensure that it maintains full and effective supervision over appropriate controls.
- Committee and the Board monitor and review the Group's performance and financial results at their quarterly meetings.
- The Board receives and renews information on the Company's financial status and performance.
- The AC meets at least four times a year and reviews the effectiveness of the Group's system of internal control. The Committee receives quarterly management reports with briefing by the internal auditor on the reports.

(d) Review of the Statement By External Auditor

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 31 March 2019.

The Board has received assurance from the AC Chairman and is pleased to report that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. There were no material control failure that would have material adverse effect on the financial results of the Group for the year under review and up to the date of issuance of the financial statements.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Company's Risk Management and Control System aims to ensure that the risks of the Company are identified and managed effectively and that its operational and financial objectives are met in compliance with applicable laws and regulations at a reasonable level of assurance. A system of controls that ensures adequate financial reporting is in place.

RISK MANAGEMENT

The Group has put in place an ongoing risk management process of identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives throughout the financial year up to the date of approval of this statement for inclusion in the annual report. This said process is reviewed by the AC in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITIES

The Board has the overall responsibility for Risk Management and Control System. It is responsible for resource allocation and risk management policy setting. Its overall effectiveness is subject to review by the AC.

The RMC supports the Board with their responsibility for risk management. The RMC would meet to discuss the results of the risk assessment, management process, the developments of existing risks, identification of emerging new risks and the progress of risk mitigating actions.

GOVERNANCE

Company's governance procedure consists of annual business planning, operational planning and performance monitoring meetings. Business plans, key risks and quarterly performance of our operating companies are discussed between the management and presented to the Board. These plans also contain an assessment of the main risks, mitigation plans and financial sensitivity analysis.

INTERNAL CONTROL IN OPERATING COMPANIES

The internal operating process is generally supported by Information Technology systems with embedded key control frameworks. This would ensure the integrity of information processing in supporting the day-to-day transactions, financial and management reporting. Internal Audit is involved in monitoring key controls in main business processes and assessing their effectiveness based on a common audit approach.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

CODE OF BUSINESS CONDUCT

The compliance of Company's Business Conduct procedure is supported through continuous monitoring of its effectiveness and periodic reviews. Employees may report suspected cases of serious misconduct to their direct superior and the Management oversees the process and its confidentiality. The Management will report on a quarterly basis to the Board and AC respectively on reported cases, if any.

SUPERVISION

The Management oversees the adequacy and functioning of the entire system of risk management and internal control which is further assisted by Independent Internal Auditors who provide independent assurance and advice on the risk management and internal control system. The outcome and effectiveness of the risk management and internal control system are evaluated by the Management based on reports to the Board by the Independent Internal Auditors.

FINANCIAL REPORTING

The AC supports the Management in its responsibility to oversee the financial reporting and its effectiveness of the internal control of the Group. The AC comprise of three Independent Directors. The Management is generally to provide and present a balanced presentation of the financial standing of the Group. The Management also recommends and presents to the AC their financial reports of the year.

In addition, the engaging of independent external auditors would provide further assurance on the financial reporting within the scope of the external auditors' financial audit assignment.

The internal risk management and control system would provide a reasonable degree of assurance that the financial report do not contain any errors which are material and that the risk management and control system worked properly in the year under review.

SUSTAINABILITY STATEMENT

Our sustainability awareness is led by the Board of Directors and is implemented and monitored by the management. We are committed to adapt our corporate social responsibilities (“CSR”) activities within the scope of operations of the Group. These include good ethical behavior, care for employee health and safety, care for the environment and community. We recognize that our social, environmental and ethical conduct has an impact on our reputation.

EMPLOYEE WELFARE

The Company’s welfare for the employees are:

- To do all that is reasonably practicable to provide for a safe place of work, safe appliances for work and a working environment that is conducive, and with satisfactory facilities.
- To make regular risk assessments and to provide training and advice for staff.
- To ensure safety and absence of health risks in connection with the use, handling, storage and transport of articles and substances.

ENVIRONMENT

Our Company is committed to sound environmental management. Keeping our environment clean and unpolluted is a benefit to all. We will always follow best practices when disposing garbage and using chemical substances. The main aim of the Company’s Green activities is to comply with all applicable environmental legislation in all jurisdictions in which we operate and to adopt responsible environmental practices.

We have put in place our Green activities which guide us in minimising our environmental impact by adopting sustainable practices whilst reducing our carbon footprint through energy-efficient operations. Employee and management’s participation is expected from small acts such ensuring efficient use electricity up to recycling activities.

OUR FUTURE PLANS ON SUSTAINABILITY

Moving forward, we aspire to improve our year-on-year sustainability awareness and activities among employees to reduce carbon footprint. This has always been the foundation of our sustainability efforts. We hope to consistently pursue it and increase the related scope of activities to give the benefit to the society and business.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is principally involved in the business of letting properties and property management, investment holding and the provision of management consultancy services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULTS

| | Group RM | Company RM |
|--------------------------------------|-------------|---------------|
| (Loss)/Profit for the financial year | (812,717) | 15,036,763 |
| Attributable to: | | |
| Owners of the Company | (1,583,617) | 15,036,763 |
| Non-controlling interests | 770,900 | - |
| | (812,717) | (15,036,763) |

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2019.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS (Cont'd)

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

DIRECTORS' REPORT (CONT'D)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Usha Nathan *

Jayapalasingam A/L Kandiah *

Abdulla Abdulaziz Ali Taleb

Mohanadass Kanagasabai

Mohd Kamal Bin Mohd Zahari

Datin Sunita Mei-Lin Rajakumar

(Appointed on 11 June 2018)

(Appointed on 11 July 2018)

(Resigned on 12 April 2018)

** Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Devadoss Muniyasamy

Shanker Iyer

Sarin Shahadev Mohan Swami

Tan Sri Datuk Dr. Mohan Swami, J.P.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

| | As at 1.4.2018 | Number of Ordinary Shares | | As at 31.3.2019 |
|----------------------------|-------------------|---------------------------|------|--------------------|
| | | Bought | Sold | |
| The Company | | | | |
| Direct Interest | | | | |
| Jayapalasingam A/L Kandiah | 150,800 | - | - | 150,800 |

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and 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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 26 to the financial statements or the fixed salary of a full time employee of the Company) 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is 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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interests in shares in the holding company and its other related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

ULTIMATE HOLDING COMPANY

The directors regard Empire Holdings Limited, a company incorporated in the Republic of Seychelles as an International Business Company, as the ultimate holding company of the Company.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019) have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

MOHANADASS KANAGASABAI

Director

USHA NATHAN

Director

Date: 29 July 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2019

| | Note | Group | | Company | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 8,578,294 | 9,023,529 | 4,140,018 | 4,419,047 |
| Investment property | 6 | 143,198,106 | 143,198,106 | 143,198,106 | 143,198,106 |
| Subsidiaries | 7 | - | - | 23,310,090 | 5,966,865 |
| Investment in joint venture | 8 | 3 | 3 | - | - |
| Intangible assets | 9 | 4,146,003 | 4,057,009 | - | - |
| Other investment | 10 | - | 2 | - | 2 |
| | | 155,922,406 | 156,278,649 | 170,648,214 | 153,584,020 |
| Current assets | | | | | |
| Inventories | 11 | 2,230,672 | 2,153,842 | - | - |
| Trade receivables | 12 | 2,621,549 | 2,647,384 | 414,829 | 61,933 |
| Other receivables, deposits and prepayments | 13 | 706,843 | 829,754 | 514,974 | 488,924 |
| Tax recoverable | | 85 | 2,549 | 85 | 85 |
| Deposits with licensed bank | 14 | 132,878 | 130,585 | 132,878 | 130,585 |
| Cash and bank balances | | 1,330,945 | 1,727,276 | 319,337 | 633,867 |
| | | 7,022,972 | 7,491,390 | 1,382,103 | 1,315,394 |
| Non-current assets classified as held for sale | 15 | 12,500,000 | 12,500,000 | 12,500,000 | 12,500,000 |
| TOTAL ASSETS | | 175,445,378 | 176,270,039 | 184,530,317 | 167,399,414 |

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 31 March 2019

| | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 16 | 280,778,632 | 280,778,632 | 280,778,632 | 280,778,632 |
| Reserves | 17 | (160,012,264) | (158,160,234) | (146,324,849) | (161,361,612) |
| | | 120,766,368 | 122,618,398 | 134,453,783 | 119,417,020 |
| Non-controlling interests | | 582,847 | (838,633) | - | - |
| Total equity | | 121,349,215 | 121,779,765 | 134,453,783 | 119,417,020 |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 18 | 2,230,137 | 2,221,597 | 1,832,276 | 1,832,276 |
| Borrowings | 19 | 38,335,513 | 41,042,733 | 38,335,513 | 41,033,602 |
| Total non-current liabilities | | 40,565,650 | 43,264,330 | 40,167,789 | 42,865,878 |
| Current liabilities | | | | | |
| Trade payables | 20 | 443,692 | 1,122,707 | 134,497 | 72,446 |
| Amount due to subsidiaries | 7 | - | - | 110,163 | 7,777 |
| Amount due to holding company | 21 | - | 271,871 | - | 271,871 |
| Other payables and accruals | 22 | 8,552,321 | 6,624,263 | 6,984,339 | 4,764,422 |
| Borrowings | 19 | 4,237,641 | 3,031,721 | 2,679,746 | - |
| Tax payable | | 296,859 | 175,382 | - | - |
| Total current liabilities | | 13,530,513 | 11,225,944 | 9,908,745 | 5,116,516 |
| Total liabilities | | 54,096,163 | 54,490,274 | 50,076,534 | 47,982,394 |
| TOTAL EQUITY AND LIABILITIES | | 175,445,378 | 176,270,039 | 184,530,317 | 167,399,414 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2019

| | Note | Group | | Company | |
|--|------|--------------|--------------|-------------|-------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Revenue | 23 | 20,044,189 | 19,382,846 | 4,637,517 | 4,369,312 |
| Cost of sales | 24 | (11,456,076) | (12,118,919) | (1,812,353) | (2,835,748) |
| Gross profit | | 8,588,113 | 7,263,927 | 2,825,164 | 1,533,564 |
| Other income | | 668,970 | 1,207,585 | 20,815,072 | 65,691 |
| Administrative expenses | | (4,440,730) | (6,158,279) | (1,630,064) | (2,144,083) |
| Net impairment loss on receivables | | - | (889) | - | (889) |
| Selling and distribution expenses | | (155,415) | (128,525) | (2,508) | (18,543) |
| Other expenses | | (1,428,067) | (16,802) | (3,313,607) | - |
| Profit/(Loss) from operations | | 3,232,871 | 2,167,017 | 18,694,057 | (564,260) |
| Finance costs | | (3,677,389) | (4,682,830) | (3,657,294) | (4,680,399) |
| (Loss)/Profit before tax | 25 | (444,518) | (2,515,813) | 15,036,763 | (5,244,659) |
| Tax expense | 27 | (368,199) | (175,546) | - | - |
| (Loss)/Profit for the financial year | | (812,717) | (2,691,359) | 15,036,763 | (5,244,659) |
| Other comprehensive (loss)/income, net of tax: <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Foreign currency translation differences | | (98,702) | (1,896,502) | - | - |
| | | (98,702) | (1,896,502) | - | - |
| Total comprehensive (loss)/income for the financial year | | (911,419) | (4,587,861) | 15,036,763 | (5,244,659) |

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For the Financial Year Ended 31 March 2019

| | Note | Group | | Company | |
|---|------|------------------|--------------------|-------------------|--------------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| (Loss)/Profit attributable to: | | | | | |
| Owners of the Company | | (1,583,617) | (2,639,288) | 15,036,763 | (5,244,659) |
| Non-controlling interests | | 770,900 | (52,071) | - | - |
| (Loss)/Profit for the financial year | | (812,717) | (2,691,359) | 15,036,763 | (5,244,659) |
| Total comprehensive (loss)/income attributable to: | | | | | |
| Owners of the Company | | (2,332,899) | (4,631,048) | 15,036,763 | (5,244,659) |
| Non-controlling interests | | 1,421,480 | 43,187 | - | - |
| Total comprehensive (loss)/income for the financial year | | (911,419) | (4,587,861) | 15,036,763 | (5,244,659) |
| Basic loss per ordinary share attributable to owners of the Company: (sen per share) | 28 | (0.69) | (1.15) | | |
| Diluted loss per ordinary share attributable to owners of the Company: (sen per share) | 28 | (0.69) | (1.15) | | |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2019

| Group 2019 | Attributable to owners of the Company | | | | | |
|---|---------------------------------------|---|-----------------------------|-------------|--|-----------------------|
| | Share Capital RM | Foreign Currency Translation Reserve RM | Accumulated Losses RM | Total RM | Non- Controlling Interests RM | Total Equity RM |
| At 1 April 2018 | 280,778,632 | 4,436,196 | (162,596,430) | 122,618,398 | (838,633) | 121,779,765 |
| Comprehensive income Loss for the financial year | - | - | (1,583,617) | (1,583,617) | 770,900 | (812,717) |
| Other comprehensive income Foreign currency translation differences | - | (27,546,149) | 26,796,867 | (749,282) | 650,580 | (98,702) |
| Total comprehensive income for the financial year | - | (27,546,149) | 25,213,250 | (2,332,899) | 1,421,480 | (911,419) |
| Transactions with owners Disposal of subsidiary | - | 480,869 | - | 480,869 | - | 480,869 |
| At 31 March 2019 | 280,778,632 | (22,629,084) | (137,383,180) | 120,766,368 | 582,847 | 121,349,215 |

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 March 2019

| Group 2018 | Attributable to owners of the Company | | | | | Total Equity RM |
|---|---------------------------------------|---|-----------------------------|-------------|--|-----------------------|
| | Share Capital RM | Foreign Currency Translation Reserve RM | Accumulated Losses RM | Total RM | Non- Controlling Interests RM | |
| At 1 April 2017 | 280,778,632 | 6,427,956 | (159,957,142) | 127,249,446 | (881,820) | 126,367,626 |
| Comprehensive income Loss for the financial year | - | - | (2,639,288) | (2,639,288) | (52,071) | (2,691,359) |
| Other comprehensive income Foreign currency translation differences | - | (1,991,760) | - | (1,991,760) | 95,258 | (1,896,502) |
| Total comprehensive income for the financial year | - | (1,991,760) | (2,639,288) | (4,631,048) | 43,187 | (4,587,861) |
| At 31 March 2018 | 280,778,632 | 4,436,196 | (162,596,430) | 122,618,398 | (838,633) | 121,779,765 |

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 March 2019

| Company | Share Capital RM | Accumulated Losses RM | Total Equity RM |
|---|---------------------------------|--------------------------------------|--------------------------------|
| At 1 April 2017 | 280,778,632 | (156,116,953) | 124,661,679 |
| Loss for the financial year, representing total comprehensive loss for the financial year | - | (5,244,659) | (5,244,659) |
| At 31 March 2018 | 280,778,632 | (161,361,612) | 119,417,020 |
| Profit for the financial year, representing total comprehensive income for the financial year | - | 15,036,763 | 15,036,763 |
| At 31 March 2019 | 280,778,632 | (146,324,849) | 134,453,783 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2019

| | Note | Group | | Company | |
|---|------|------------------|------------------|------------------|--------------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| (Loss)/Profit before tax | | (444,518) | (2,515,813) | 15,036,763 | (5,244,659) |
| Depreciation of property, plant and equipment | | 541,725 | 740,252 | 283,518 | 409,555 |
| Gain on disposal of property, plant and equipment | | (43,842) | (9,218) | (47,499) | - |
| Gain on reclassification of translation reserve from other comprehensive income | | - | (1,402,771) | - | - |
| Impairment loss on trade receivables | | - | 889 | - | 889 |
| Impairment loss on investment in a subsidiary | | - | - | 3,000,000 | - |
| Interest expenses | | 3,677,389 | 4,682,830 | 3,657,294 | 4,558,495 |
| Interest income | | (8,023) | (1,022) | (7,993) | (926) |
| Investment in subsidiary written off | | - | - | 56 | - |
| Amount due from subsidiaries written off | | - | - | 284,121 | - |
| Loss on winding up of subsidiaries | | 428,017 | - | - | - |
| Other investment written off | | 2 | - | 2 | - |
| Reversal of impairment losses on a amount due from subsidiaries | | - | - | (20,759,580) | - |
| Unrealised foreign exchange loss | | - | 27,701 | - | - |
| Operating profit/(loss) before working capital changes | | 4,150,750 | 1,522,848 | 1,446,682 | (276,646) |
| Changes in working capital: | | | | | |
| Payables | | 1,249,043 | 1,850,107 | 2,281,968 | 1,714,552 |
| Receivables | | 146,746 | 640,690 | (378,946) | 41,318 |
| Inventories | | (76,830) | (1,027,031) | - | - |
| Cash generated from operations carried down | | 5,471,909 | 2,986,614 | 3,349,704 | 1,479,224 |
| Tax paid | | (249,642) | (184,922) | - | (85) |
| Tax refund | | - | 2,550 | - | - |
| Interest paid | | (3,677,389) | (2,699,166) | (3,657,294) | (2,574,831) |
| Net cash from/(used in) operating activities | | 1,544,678 | 105,076 | (307,590) | (1,095,692) |

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 31 March 2019

| | Note | Group | | Company | |
|---|------|-------------|-------------|------------|-------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | | 8,023 | 1,022 | 7,993 | 926 |
| Purchase of property, plant and equipment | 5 | (8,843) | (52,615) | (4,490) | (6,217) |
| Proceeds from disposal of property, plant and equipment | | 56,146 | 9,218 | 47,500 | - |
| Repayment from subsidiaries | | - | - | 132,178 | - |
| Net cash from/(used in) investing activities | | 55,326 | (42,375) | 183,181 | (5,291) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| | (a) | | | | |
| Repayment to holding company | | (271,871) | (528,129) | (271,871) | (528,129) |
| Advances from subsidiaries | | - | - | 102,386 | 4,753,516 |
| Payment of finance lease | | (17,779) | (8,509) | - | - |
| Repayment of term loan | | (18,343) | (3,032,085) | (18,343) | (3,032,085) |
| Net cash (used in)/from financing activities | | (307,993) | (3,568,723) | (187,828) | 1,193,302 |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| | | 1,292,011 | (3,506,022) | (312,237) | 92,319 |
| Cash and cash equivalents at beginning of the financial year | | (1,165,212) | 2,217,791 | 764,452 | 672,133 |
| Effect of exchange rate fluctuations | | (220,871) | 123,019 | - | - |
| Cash and cash equivalents at the end of the financial year | (b) | (94,072) | (1,165,212) | 452,215 | 764,452 |

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 31 March 2019

NOTE TO THE STATEMENTS OF CASH FLOWS:a. Reconciliation of liabilities arising from financing activities:

Changes in liabilities arising from financing activities are changes arising from cash outflows.

b. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

| | Note | Group | | Company | |
|-----------------------------|------|-------------|-------------|------------|------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Bank overdrafts | 19 | (1,557,895) | (3,023,073) | - | - |
| Deposits with licensed bank | 14 | 132,878 | 130,585 | 132,878 | 130,585 |
| Cash and bank balances | | 1,330,945 | 1,727,276 | 319,337 | 633,867 |
| | | (94,072) | (1,165,212) | 452,215 | 764,452 |

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Turiya Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are both located at Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur.

The ultimate holding company is Empire Holdings Limited, a company incorporated in the Republic of Seychelles as an International Business Company.

The Company is principally involved in the business of letting properties and property management, investment holding and the provision of management consultancy services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 7.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 July 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

| | |
|---------|---------------------------------------|
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers |

Amendments/Improvements to MFRSs

| | |
|----------|--|
| MFRS 1 | First-time adoption of MFRSs |
| MFRS 2 | Share-based Payment |
| MFRS 4 | Insurance Contracts |
| MFRS 128 | Investments in Associates and Joint Ventures |
| MFRS 140 | Investment Property |

New IC Int

| | |
|-----------|---|
| IC Int 22 | Foreign Currency Transactions and Advance Consideration |
|-----------|---|

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9: (Cont'd)

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of 2018 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 April 2018.

Impact of the Adoption of MFRS 9

Other than the resulted changes in accounting policies and enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the application of MFRS 9 does not have any significant effect on the financial statements, except for those as discussed below.

(a) Classification and Measurement

The following are the changes in the classification of the Group's and of the Company's financial assets:

- Loans and receivables classified as amortised cost

Trade, other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the Adoption of MFRS 9 (Cont'd)

(a) Classification and Measurement (Cont'd)

- (ii) Equity investments in non-listed companies previously classified as AFS financial assets as at 31 March 2018 are classified and measured as equity instruments designated at FVOCI beginning 1 April 2018. The Group elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as these investments are not held for trading.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassification as at 1 April 2018:

| MFRS 139 measurement | RM | MFRS 9 measurement category | |
|-------------------------------------|-----------|-----------------------------|---|
| | | Amortised cost RM | Fair value through other comprehensive income RM |
| Financial assets | | | |
| Group | | | |
| <i>Loans and receivables</i> | | | |
| Trade receivables | 2,647,384 | 2,647,384 | - |
| Other receivables and deposits * | 387,813 | 387,813 | - |
| Deposits with licensed bank | 130,585 | 130,585 | - |
| Cash and bank balances | 1,727,276 | 1,727,276 | - |
| <i>Available-for-sale</i> | | | |
| Other investment | 2 | - | 2 |
| | 4,893,060 | 4,893,058 | 2 |

* Exclude prepayments and GST refundable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

Impact of the Adoption of MFRS 9 (Cont'd)

(a) Classification and Measurement (Cont'd)

| MFRS 139 measurement | RM | MFRS 9 measurement category | |
|----------------------------------|-----------|-----------------------------|---|
| | | Amortised cost RM | Fair value through other comprehensive income RM |
| Financial assets | | | |
| Company | | | |
| Loans and receivables | | | |
| Trade receivables | 61,933 | 61,933 | - |
| Other receivables and deposits * | 181,586 | 181,586 | - |
| Deposits with licensed bank | 130,585 | 130,585 | - |
| Cash and bank balances | 633,867 | 633,867 | - |
| Available-for-sale | | | |
| Other investment | 2 | - | 2 |
| | 1,007,973 | 1,007,971 | 2 |

* Exclude prepayments and GST refundable

(b) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis.

Based on the Group's assessment, the application of MFRS 9 did not have any material financial impact to the Group and the Company.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

| | |
|-----------------------|--|
| MFRS 111 | Construction Contracts |
| MFRS 118 | Revenue |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 15 | Agreements for the Construction of Real Estate |
| IC Interpretation 18 | Transfers of Assets from Customers |
| IC Interpretation 131 | Revenue – Barter Transactions Involving Advertising Services |

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 April 2018. As such, the comparative information was not restated and continues to be reported under MFRS 118 and related Interpretations. The Group and the Company have elected the practical expedient to apply the standard only to contracts that are not completed as at 1 April 2018. The Group and the Company also elected the practical expedient of not to retrospectively restate the contract for those modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

| | | | Effective for financial periods beginning on or after |
|---|--|--|--|
| <u>New MFRSs</u> | | | |
| MFRS 16 | Leases | | 1 January 2019 |
| MFRS 17 | Insurance Contracts | | 1 January 2021 |
| <u>Amendments/Improvements to MFRSs</u> | | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | | 1 January 2021# |
| MFRS 2 | Share-based Payment | | 1 January 2020* |
| MFRS 3 | Business Combinations | | 1 January 2019/ 1 January 2020*/ 1 January 2021# |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | | 1 January 2021# |
| MFRS 6 | Exploration for and Evaluation of Mineral Resources | | 1 January 2020* |
| MFRS 7 | Financial Instruments: Disclosures | | 1 January 2021# |
| MFRS 9 | Financial Instruments | | 1 January 2019/ 1 January 2021# |
| MFRS 10 | Consolidated Financial Statements | | Deferred |
| MFRS 11 | Joint Arrangements | | 1 January 2019 |
| MFRS 14 | Regulatory Deferral Accounts | | 1 January 2020* |
| MFRS 15 | Revenue from Contracts with Customers | | 1 January 2021# |
| MFRS 101 | Presentation of Financial Statements | | 1 January 2020*/ 1 January 2021# |
| MFRS 107 | Statements of Cash Flows | | 1 January 2021# |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Error | | 1 January 2020* |
| MFRS 112 | Income Taxes | | 1 January 2019 |
| MFRS 116 | Property, Plant and Equipment | | 1 January 2021# |
| MFRS 119 | Employee Benefits | | 1 January 2019/ 1 January 2021# |
| MFRS 123 | Borrowing Costs | | 1 January 2019 |
| MFRS 128 | Investments in Associates and Joint Ventures | | 1 January 2019/ Deferred/ 1 January 2021# |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (Cont'd)

| | Effective for financial periods beginning on or after |
|---|--|
| <u>Amendments/Improvements to MFRSs (Cont'd)</u> | |
| MFRS 132 Financial Instruments: Presentation | 1 January 2021# |
| MFRS 134 Interim Financial Reporting | 1 January 2020* |
| MFRS 136 Impairment of Assets | 1 January 2021# |
| MFRS 137 Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020*/ 1 January 2021# |
| MFRS 138 Intangible Assets | 1 January 2020*/ 1 January 2021# |
| MFRS 140 Investment Property | 1 January 2021# |
| <u>New IC Int</u> | |
| IC Int 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| <u>Amendments to IC Int</u> | |
| IC Int 12 Service Concession Arrangements | 1 January 2020* |
| IC Int 19 Extinguishing Financial Liabilities with Equity Instruments | 1 January 2020* |
| IC Int 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2020* |
| IC Int 22 Foreign Currency Transactions and Advance Consideration | 1 January 2020* |
| IC Int 132 Intangible Assets – Web Site Costs | 1 January 2020* |

* *Amendments to References to the Conceptual Framework in MFRS Standards*

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 April 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (Cont'd)

IC Int 23 Uncertainty Over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The Group is currently performing an analysis to determine the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of Estimates and Judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(a) *Subsidiaries and Business Combination*

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(a) *Subsidiaries and business combination (Cont'd)*

The accounting policy for goodwill is set out in Note 3.8.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(b) Non-controlling Interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Joint Arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a “joint operation” when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as a “joint venture” when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investment in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(d) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

Contribution to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3.3 Foreign Currency Transactions and Operations

(a) Translation of Foreign Currency Transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Foreign Currency Transactions and Operations (Cont'd)

(a) *Translation of Foreign Currency Transactions (Cont'd)*

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) **Translation of Foreign Operations**

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments

Financial instruments are recognised in 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.

Accounting policies applied from 1 April 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent Measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial Assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(a) *Subsequent Measurement (Cont'd)*

(i) **Financial Assets (Cont'd)**

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised Cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair Value through Other Comprehensive Income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(a) *Subsequent Measurement (Cont'd)*

(i) **Financial Assets (Cont'd)**

Debt Instruments (Cont'd)

- **Fair Value through Profit or Loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(a) *Subsequent Measurement (Cont'd)*

(ii) **Financial Liabilities**

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) *Financial Guarantee Contracts*

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(b) Financial Guarantee Contracts (Cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

(d) Derecognition (Cont'd)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

Accounting policies applied until 31 March 2018.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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

(a) Subsequent Measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial Instruments (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

(a) *Subsequent Measurement (Cont'd)*

(i) **Financial Assets (Cont'd)**

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss.

Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

(a) *Subsequent Measurement (Cont'd)*

(i) **Financial Assets (Cont'd)**

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a).

(ii) **Financial Liabilities**

Same accounting policies applied until 31 March 2018 and from 1 April 2018.

(b) *Financial Guarantee Contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified 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, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, 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 initially recognised less cumulative amortisation.

(c) *Regular Way Purchase or Sale of Financial Assets*

Same accounting policies applied until 31 March 2018 and from 1 April 2018.

(d) *Derecognition*

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

Accounting policies applied until 31 March 2018 (Cont'd)

(d) Derecognition (Cont'd)

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

(e) Offsetting of Financial Instruments

Same accounting policies applied until 31 March 2018 and from 1 April 2018.

3.5 Property, Plant and Equipment

(a) Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.18.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Property, plant and equipment (Cont'd)

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

The principal annual rates used for this purpose are:

| | |
|-------------------------------|-----------------------------------|
| Leasehold buildings | Over the lease period of 30 years |
| Plant and machinery | 6.6% - 20% |
| Furniture and fittings | 10% - 20% |
| Motor vehicles | 10% - 33.3% |
| Office machines and equipment | 7.5% - 20% |
| Sundry tools and equipment | 10% - 20% |
| Computer equipment | 20% - 33.33% |

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee Accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Leases (Cont'd)

(a) Lessee Accounting (Cont'd)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor Accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Investment Properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Fair value is arrived at by reference to market evidence of transaction of prices for similar properties and is performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Investment Properties (Cont'd)

Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.18.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the directors committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Impairment loss on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.11 Discontinued Operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.13 Impairment of Assets

(a) *Impairment of Financial Assets*

Accounting policies applied from 1 April 2018

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Impairment of Assets (Cont'd)

(a) *Impairment of Financial Assets (Cont'd)*

Accounting policies applied from 1 April 2018 (cont'd)

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Impairment of Assets (Cont'd)

(a) *Impairment of financial assets (Cont'd)*

Accounting policies applied from 1 April 2018 (Cont'd)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Impairment of Assets (Cont'd)

(a) *Impairment of Financial Assets (Cont'd)*

Accounting policies applied from 1 April 2018 (Cont'd)

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and Receivables and Held-to-maturity Investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Impairment of Assets (Cont'd)

(a) *Impairment of Financial Assets (Cont'd)*

Accounting policies applied from 1 April 2018 (Cont'd)

Available-for-sale Financial Assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted Equity Instruments Carried at Cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Impairment of Assets (Cont'd)

(b) Impairment of Non-financial Assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, investment properties measured at fair value and non-current assets or disposal groups 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 Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Impairment of Assets (Cont'd)

(b) Impairment of Non-financial Assets (Cont'd)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.14 Share Capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Employee Benefits

(a) Short-term Employee Benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined Contribution Plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognized as an expense in the profit or loss in the period in which the employees render their services.

3.16 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.16 Provisions (Cont'd)

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3.17 Revenue and Other Income

Accounting policies applied from 1 April 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Revenue and Other Income (Cont'd)

Accounting policies applied from 1 April 2018 (Cont'd)

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company assess the type of modification and accounts for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of Goods

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

(b) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Revenue and Other Income (Cont'd)

Financing components (Cont'd)

(c) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(d) Interest Income

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

Accounting policies applied until 31 March 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, stated net of discounts, rebates, returns and taxes.

(a) Sale of Goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing directors involvement with the goods.

(b) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(c) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(d) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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.

3.19 Income Tax

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

(a) Current Tax

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

(b) Deferred Tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Income Tax (Cont'd)

(b) Deferred Tax (Cont'd)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.19 Income Tax (Cont'd)

(b) *Deferred Tax (Cont'd)*

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

(c) *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from 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
- receivables and payables that are stated with the amount of GST.

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

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

3.20 Earnings per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.21 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability and assets not recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.24 Contract Costs

(a) Recognition and Measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 Inventories, MFRS 116 *Property, Plant and Equipment* or MFRS 138 Intangible Assets, are recognised as part of contract costs when all of the following criteria are met:

- (a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (a) *the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less*
- (b) *the costs that relate directly to providing those goods or services and that have not been recognised as expenses.*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.24 Contract Costs (Cont'd)

(c) *Impairment (Cont'd)*

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

- (a) Fair value of investment property (Note 6) – The measurement of the fair value of the investment properties performed by directors is based on an independent professional valuation with reference to the direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, terrain, size, present market trends and other differences and income method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property. The directors believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's and the Company's investment property.
- (b) Impairment of investment in subsidiaries (Note 7) – The Company carried out the impairment test on its investment in subsidiaries based on the value-in-use of the cash generating unit where there is an indication of impairment. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following: (Cont'd)

- (c) Impairment of goodwill (Note 9) – Judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units. Estimating present value of future cash flows involve uncertainties due to assumptions used and judgement made regarding estimates of future cash flows and discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

| Group | Land and buildings RM | Equipment, tools, plant and machinery RM | Furniture and fittings RM | Motor vehicles RM | Total RM |
|--|--------------------------|---|------------------------------|----------------------|-------------|
| 2019 | | | | | |
| Cost | | | | | |
| At 1 April 2018 | 15,264,368 | 2,946,359 | 1,866,407 | 1,039,181 | 21,116,315 |
| Additions | - | 8,153 | 690 | - | 8,843 |
| Disposals | - | (38,848) | - | (802,450) | (841,298) |
| Disposal of a subsidiary | - | (199,847) | (793,409) | - | (993,256) |
| Strike off/liquidation of subsidiaries | - | (368,799) | (16,071) | - | (384,870) |
| Translation difference | 196,698 | 43,078 | 22,152 | 4,846 | 266,774 |
| At 31 March 2019 | 15,461,066 | 2,390,096 | 1,079,769 | 241,577 | 19,172,508 |
| Accumulated depreciation | | | | | |
| At 1 April 2018 | 6,793,832 | 2,625,587 | 1,766,424 | 864,267 | 12,050,110 |
| Charge for the financial year | 425,346 | 56,531 | 37,359 | 22,489 | 541,725 |
| Disposals | - | (26,545) | - | (802,449) | (828,994) |
| Disposal of a subsidiary | - | (157,171) | (793,409) | - | (950,580) |
| Strike off/liquidation of subsidiaries | - | (368,799) | (16,071) | - | (384,870) |
| Translation difference | 107,588 | 37,712 | 20,424 | 1,099 | 166,823 |
| At 31 March 2019 | 7,326,766 | 2,167,315 | 1,014,727 | 85,406 | 10,594,214 |
| Accumulated impairment loss | | | | | |
| At 1 April 2018 | - | 42,676 | - | - | 42,676 |
| Disposal of a subsidiary | - | (42,676) | - | - | (42,676) |
| At 31 March 2019 | - | - | - | - | - |
| Net carrying amount | | | | | |
| At 31 March 2019 | 8,134,300 | 222,781 | 65,042 | 156,171 | 8,578,294 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Group | Land and buildings RM | Equipment, tools, plant and machinery RM | Furniture and fittings RM | Motor vehicles RM | Total RM |
|--|-----------------------------|--|------------------------------------|-------------------------|-------------|
| 2018 | | | | | |
| Cost | | | | | |
| At 1 April 2017 | 19,776,061 | 3,156,734 | 1,999,284 | 1,055,466 | 25,987,545 |
| Additions | - | 52,615 | - | - | 52,615 |
| Disposals | - | (115,227) | - | - | (115,227) |
| Transfer to investment property (Note 6) | (3,850,763) | - | - | - | (3,850,763) |
| Translation difference | (660,930) | (147,763) | (132,877) | (16,285) | (957,855) |
| At 31 March 2018 | 15,264,368 | 2,946,359 | 1,866,407 | 1,039,181 | 21,116,315 |
| Accumulated depreciation | | | | | |
| At 1 April 2017 | 7,681,904 | 2,781,601 | 1,854,365 | 843,937 | 13,161,807 |
| Charge for the financial year | 595,528 | 84,048 | 37,658 | 23,018 | 740,252 |
| Disposals | - | (115,227) | - | - | (115,227) |
| Transfer to investment property (Note 6) | (1,130,115) | - | - | - | (1,130,115) |
| Translation difference | (353,485) | (124,835) | (125,599) | (2,688) | (606,607) |
| At 31 March 2018 | 6,793,832 | 2,625,587 | 1,766,424 | 864,267 | 12,050,110 |
| Accumulated impairment loss | | | | | |
| At 1 April 2017 | - | 45,821 | - | - | 45,821 |
| Translation difference | - | (3,145) | - | - | (3,145) |
| At 31 March 2018 | - | 42,676 | - | - | 42,676 |
| Net carrying amount | | | | | |
| At 31 March 2018 | 8,470,536 | 278,096 | 99,983 | 174,914 | 9,023,529 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Analysis of equipment, tools, plant and machinery:

| Group | Office machines and equipment RM | Sundry tools and equipment RM | Computer equipment RM | Plant and machinery RM | Total RM |
|---|--|--|-----------------------------|------------------------------|-------------|
| 2019 | | | | | |
| Cost | | | | | |
| At 1 April 2018 | 506,088 | 1,409,466 | 930,890 | 99,915 | 2,946,359 |
| Additions | 8,153 | - | - | - | 8,153 |
| Disposals | (38,848) | - | - | - | (38,848) |
| Disposal of a subsidiary | (99,932) | - | - | (99,915) | (199,847) |
| Strike off/liquidation of subsidiaries | (3,996) | (68,151) | (296,652) | - | (368,799) |
| Translation difference | 5,801 | 32,872 | 4,405 | - | 43,078 |
| At 31 March 2019 | 377,266 | 1,374,187 | 638,643 | - | 2,390,096 |
| Accumulated depreciation | | | | | |
| At 1 April 2018 | 371,782 | 1,255,480 | 929,038 | 69,287 | 2,625,587 |
| Charge for the financial year | 37,361 | 18,881 | 289 | - | 56,531 |
| Disposals | (26,545) | - | - | - | (26,545) |
| Disposal of a subsidiary | (87,884) | - | - | (69,287) | (157,171) |
| Strike off/liquidation of subsidiaries | (3,996) | (68,151) | (296,652) | - | (368,799) |
| Translation difference | 3,738 | 29,569 | 4,405 | - | 37,712 |
| At 31 March 2019 | 294,456 | 1,235,779 | 637,080 | - | 2,167,315 |
| Accumulated impairment loss | | | | | |
| At 1 April 2018 | 12,048 | - | - | 30,628 | 42,676 |
| Disposal of a subsidiary | (12,048) | - | - | (30,628) | (42,676) |
| At 31 March 2019 | - | - | - | - | - |
| Net carrying amount | | | | | |
| At 31 March 2019 | 82,810 | 138,408 | 1,563 | - | 222,781 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Analysis of equipment, tools, plant and machinery: (Cont'd)

| Group | Office machines and equipment RM | Sundry tools and equipment RM | Computer equipment RM | Plant and machinery RM | Total RM |
|------------------------------------|--|--|-----------------------------|------------------------------|-------------|
| 2018 | | | | | |
| Cost | | | | | |
| At 1 April 2017 | 535,798 | 1,582,766 | 930,890 | 107,280 | 3,156,734 |
| Additions | 10,027 | 42,588 | - | - | 52,615 |
| Disposals | - | (115,227) | - | - | (115,227) |
| Translation difference | (39,737) | (100,661) | - | (7,365) | (147,763) |
| At 31 March 2018 | 506,088 | 1,409,466 | 930,890 | 99,915 | 2,946,359 |
| Accumulated depreciation | | | | | |
| At 1 April 2017 | 357,521 | 1,421,612 | 928,074 | 74,394 | 2,781,601 |
| Charge for the financial year | 44,558 | 38,526 | 964 | - | 84,048 |
| Disposals | - | (115,227) | - | - | (115,227) |
| Translation difference | (30,297) | (89,431) | - | (5,107) | (124,835) |
| At 31 March 2018 | 371,782 | 1,255,480 | 929,038 | 69,287 | 2,625,587 |
| Accumulated impairment loss | | | | | |
| At 1 April 2017 | 12,936 | - | - | 32,885 | 45,821 |
| Translation difference | (888) | - | - | (2,257) | (3,145) |
| At 31 March 2018 | 12,048 | - | - | 30,628 | 42,676 |
| Net carrying amount | | | | | |
| At 31 March 2018 | 122,258 | 153,986 | 1,852 | - | 278,096 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Company 2019 | Building RM | Motor vehicles RM | Office machines and equipment RM | Computer equipment RM | Furniture and fittings RM | Total RM |
|---------------------------------|----------------|-------------------------|--|-----------------------------|------------------------------------|-------------|
| Cost | | | | | | |
| At 1 April 2018 | 6,297,734 | 802,450 | 147,253 | 623,997 | 44,309 | 7,915,743 |
| Additions | - | - | 3,800 | - | 690 | 4,490 |
| Disposals | - | (802,450) | - | - | - | (802,450) |
| At 31 March 2019 | 6,297,734 | - | 151,053 | 623,997 | 44,999 | 7,117,783 |
| Accumulated depreciation | | | | | | |
| At 1 April 2018 | 1,916,702 | 802,449 | 125,587 | 622,780 | 29,178 | 3,496,696 |
| Charge for the financial year | 273,815 | - | 5,322 | 289 | 4,092 | 283,518 |
| Disposals | - | (802,449) | - | - | - | (802,449) |
| At 31 March 2019 | 2,190,517 | - | 130,909 | 623,069 | 33,270 | 2,977,765 |
| Net carrying amount | | | | | | |
| At 31 March 2019 | 4,107,217 | - | 20,144 | 928 | 11,729 | 4,140,018 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Company 2018 | Building RM | Motor vehicles RM | Office machines and equipment RM | Computer equipment RM | Furniture and fittings RM | Total RM |
|--|----------------|-------------------------|--|-----------------------------|------------------------------------|-------------|
| Cost | | | | | | |
| At 1 April 2017 | 10,148,497 | 802,450 | 141,036 | 623,997 | 44,309 | 11,760,289 |
| Additions | - | - | 6,217 | - | - | 6,217 |
| Transfer to investment property (Note 6) | (3,850,763) | - | - | - | - | (3,850,763) |
| At 31 March 2018 | 6,297,734 | 802,450 | 147,253 | 623,997 | 44,309 | 7,915,743 |
| Accumulated depreciation | | | | | | |
| At 1 April 2017 | 2,647,434 | 802,449 | 120,431 | 621,816 | 25,126 | 4,217,256 |
| Charge for the financial year | 399,383 | - | 5,156 | 964 | 4,052 | 409,555 |
| Transfer to investment property (Note 6) | (1,130,115) | - | - | - | - | (1,130,115) |
| At 31 March 2018 | 1,916,702 | 802,449 | 125,587 | 622,780 | 29,178 | 3,496,696 |
| Net carrying amount | | | | | | |
| At 31 March 2018 | 4,381,032 | 1 | 21,666 | 1,217 | 15,131 | 4,419,047 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) The buildings of the Group and of the Company have been pledged to licensed banks for banking facilities granted to the Group.
- (b) During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM8,843 (2018: RM52,615) of which are satisfied as follows:

| | Group | |
|---------------|------------|------------|
| | 2019 RM | 2018 RM |
| Cash payments | 8,843 | 52,615 |

- (c) Property, plant and equipment acquired under finance lease arrangements are as follows:

| | Group | |
|-------------------------------|------------|------------|
| | 2019 RM | 2018 RM |
| Net carrying amount | | |
| Office machines and equipment | - | 15,266 |

6. INVESTMENT PROPERTY

The investment property of the Group and of the Company is the Wisma Chase Perdana. The fair value of the said property as at 31 March 2019 was approximately RM143.198 million (2018: RM143.198 million). The fair value was arrived at after taking into consideration the valuation conducted by an external independent valuer using either the comparison or income methods.

| | Group/Company | |
|--|---------------|-------------|
| | 2019 RM | 2018 RM |
| At fair value | | |
| At 1 April 2018/2017 | 143,198,106 | 140,477,458 |
| Transfer from property, plant and equipment (Note 5) | - | 2,720,648 |
| At 31 March | 143,198,106 | 143,198,106 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT PROPERTY (Cont'd)

The investment property is pledged to a licensed bank for term loan granted to the Company as mentioned in Note 19. Rental income generated from and direct operating expenses incurred on investment property are as follows:

| | Group/Company | |
|--|---------------|-----------|
| | 2019 | 2018 |
| | RM | RM |
| Rental income | 4,637,517 | 4,369,312 |
| Direct operating expenses – generated rental income | 1,812,353 | 2,835,748 |

2019

The estimated fair value of the investment property performed by directors was based on an independent professional valuation based on the comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for size, tenure, time factor and other differences. The most significant input into this valuation approach was price per square foot of comparable properties.

2018

The estimated fair value of the investment property performed by directors is based on an independent professional valuation based on the income method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property. The most significant input into this valuation approach is the estimated net annual income generated by the property which is arrived at after deducting all costs as the base value and discounting this net annual income with the commercial yields for the duration of the life expectancy of the property or the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARIES

| | Company | |
|--|---------------|---------------|
| | 2019 RM | 2018 RM |
| At cost: | | |
| Unquoted shares | 63,289,669 | 37,007,739 |
| Less: Accumulated impairment losses | | |
| At 1 April 2018/2017 | (37,007,682) | (37,007,682) |
| Addition | (3,000,000) | - |
| Written off | 510 | - |
| At 31 March 2019 | (40,007,172) | (37,007,682) |
| | 23,282,497 | 57 |
| Amount due from subsidiaries | 5,056,811 | 122,400,350 |
| Less : Allowance for impairment losses | | |
| At 1 April 2018/2017 | (116,433,542) | (116,433,542) |
| Write off | 90,644,744 | |
| Reversal | 20,759,580 | - |
| At 31 March 2019 | (5,029,218) | (116,433,542) |
| | 27,593 | 5,966,808 |
| | 23,310,090 | 5,966,865 |
| Amount due to subsidiaries | 110,163 | 7,777 |

- (a) The amount due from subsidiaries is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss.
- (b) The directors performed an impairment test for the Company's investment in subsidiaries and amount due from subsidiaries in view of the continuing losses of these subsidiaries. Impairment loss have been provided for investments in certain subsidiaries and amount due from certain subsidiaries which had become inactive or when its recoverable amount less than its carrying amount.
- (c) Included in amount due from subsidiaries in the previous financial year was RM5,991,078 which was subject to interest at rate of 6.00% per annum, expected to be settled in cash and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARIES (Cont'd)

- (d) Included in amount due to subsidiaries is RM110,163 (2018: RM Nil) which is subject to interest at rate of 6.00% (2018: Nil) per annum. Amounts due to subsidiaries consist of advances and recoverable expenses which are non-trade in nature, unsecured, repayable on demand and is expected to be settled in cash.

The particulars of the subsidiaries are as follows:

| Name of Company | Principal Place of Business/ Country of Incorporation | Effective Ownership Interest/ Voting Rights | | Principal Activities |
|--|--|---|------|--|
| | | 2019 | 2018 | |
| Turiya Technologies Pte. Ltd. # | Republic of Singapore | - | 100% | Investment holding |
| Turiya-CH Management Services Sdn. Bhd. # | Malaysia | - | 51% | Domant |
| Turiya Technologies (M) Sdn. Bhd. # | Malaysia | 100% | 100% | Domant |
| Iconic Global Limited * | Republic of Singapore | 75% | 75% | Investment holding |
| Zeal International Holdings Ltd. Ç | Republic of Seychelles | 100% | 100% | Investment holding |
| Pyramid Manufacturing Industries Pte. Ltd. * | Republic of Singapore | 100% | 100% | Manufacturing and trading in chemicals |
| <i>Subsidiary of Pyramid Manufacturing Industries Pte. Ltd.</i> | | | | |
| Wuxi CEM Electronics Equipment Co. Ltd. * | People's Republic of China | - | 100% | Dormant |
| <i>Subsidiary of Zeal International Holdings Ltd</i> | | | | |
| Amcare Group International Ltd. ç | British Virgin Islands | - | 72% | Investment holding |
| <i>Subsidiary of Amcare Group International Ltd.</i> | | | | |
| Alliance Health Partners Inc. ç | British Virgin Islands | - | 72% | Investment holding |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARIES (Cont'd)

| Name of Company | Principal Place of Business/ Country of Incorporation | Effective Ownership Interest/ Voting Rights | | Principal Activities |
|---|--|---|------|--|
| | | 2019 | 2018 | |
| Subsidiary of Alliance Health Partners Inc. | | | | |
| Amcare Labs International Inc. * | United States of America | - | 65% | Establishment of global network of laboratory medicine systems |
| Subsidiaries of Amcare Labs International Inc. | | | | |
| Amcare Labs Emirates Limited ç | British Virgin Islands | - | 65% | Dormant |

* Audited by firms of auditors other than Baker Tilly Monteiro Heng PLT

ç Not required to be audited under the local laws and regulations

Consolidated using unaudited management financial statements and under members' voluntary winding up

Disposal of a Subsidiary

On 2 April 2018, Turiya Technologies Pte. Ltd., a wholly owned subsidiary of Turiya Berhad disposed the entire issued and paid-up share capital in Wuxi Cem Electronics Equipment Co. Ltd. to a third party at a total consideration of SGD1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARIES (Cont'd)

The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

| | Turiya-CH Management Services Sdn. Bhd. | | Amicare Labs International Inc. and its subsidiaries | | Individually immaterial subsidiaries | | Total RM |
|--|---|-------|--|---------|--------------------------------------|----|----------|
| | RM | RM | RM | RM | RM | RM | |
| 2019 | | | | | | | |
| NCI percentage of ownership interest and voting interest | 25% | 49% | 35% | - | - | - | - |
| Carrying amount of NCI | 583,456 | - | - | (609) | 582,847 | | |
| (Loss)/profit allocated to NCI | 770,900 | - | - | - | 770,900 | | |
| Total comprehensive (loss)/income allocated to NCI | 769,669 | - | (14,682) | 666,493 | 1,421,480 | | |
| 2018 | | | | | | | |
| NCI percentage of ownership interest and voting interest | 25% | 49% | 35% | - | - | - | - |
| Carrying amount of NCI | (187,444) | 6,834 | (658,025) | 2 | (838,633) | | |
| (Loss)/Profit allocated to NCI | (36,465) | 1,810 | (16,810) | (606) | (52,071) | | |
| Total comprehensive (loss)/income allocated to NCI | (36,465) | 1,810 | (16,810) | 94,652 | 43,187 | | |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARIES (Cont'd)

The financial information of Iconic Global Limited, Turiya-CH Management Services Sdn. Bhd. and Amcare Labs International Inc. and its subsidiaries before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:

| | Iconic Global Limited RM | Turiya-CH Management Services Sdn. Bhd. RM | Amcare Labs International Inc. and its subsidiaries RM |
|---|-----------------------------------|--|---|
| 2019 | | | |
| Assets and liabilities | | | |
| Non-current assets | | | |
| Current assets | 75,787 | - | 76,045 |
| Current liabilities | (1,830,285) | - | (5,201,500) |
| Net liabilities | (1,754,498) | - | (5,125,455) |
| Results | | | |
| Profit/(loss) for the financial year | 3,078,675 | - | (41,948) |
| Total comprehensive income/(loss) | 3,078,675 | - | (41,948) |
| Cash flows used in operating activities | (48,647) | - | (63,673) |
| Cash flows from financing activities | 23,282 | - | 63,576 |
| Net decrease in cash and cash equivalents | (25,365) | - | (97) |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. SUBSIDIARIES (Cont'd)

The financial information of Iconic Global Limited, Turiya-CH Management Services Sdn. Bhd. and Amcare Labs International Inc. and its subsidiaries before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows: (Cont'd)

| | Iconic Global Limited RM | Turiya-CH Management Services Sdn. Bhd. RM | Amcare Labs International Inc. and its subsidiaries RM |
|---|-----------------------------------|--|---|
| 2018 | | | |
| Assets and liabilities | | | |
| Current assets | 73,175 | 15,886 | 79,798 |
| Current liabilities | (4,814,545) | (1,940) | (1,913,541) |
| Net (liabilities)/assets | (4,741,370) | 13,946 | (1,833,743) |
| Results | | | |
| (Loss)/Profit for the financial year | (145,859) | 3,693 | (48,028) |
| Total comprehensive (loss)/income | (145,859) | 3,693 | (48,028) |
| Cash flows used in operating activities | (48,647) | (8,746) | (85,299) |
| Cash flows from financing activities | 23,282 | 226 | - |
| Net decrease in cash and cash equivalents | (25,365) | (8,520) | (85,299) |

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN JOINT VENTURE

| | Group | |
|----------------|------------|------------|
| | 2019 RM | 2018 RM |
| Unquoted share | 3 | 3 |

The particulars of the joint venture are as follows:

| Name of Company | Principal Place of Business/ Country of Incorporation | Effective ownership interest/ Voting rights | | Principle Activities |
|-----------------|--|---|------|-------------------------|
| | | 2019 | 2018 | |

Interest held by Zeal International Holdings Ltd.

| | | | | |
|-------------------------------------|---------------------------|-----|-----|---|
| Health Invest International Ltd. | British Virgin Islands | 50% | 50% | Web based electronic medical records |
|-------------------------------------|---------------------------|-----|-----|---|

The Group has not recognised profits/(losses) related to Health Invest International Ltd., totalling RM Nil (2018: RM503,343) in the current financial year and accumulated losses RM3,435,142 (2018: RM3,435,142), since the Group has no obligation in respect of these losses.

The Group's joint venture is not material to the financial position, financial performance and cash flows of the Group.

There are no contingent liabilities that are incurred jointly with other investors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INTANGIBLE ASSETS

Goodwill on acquisition is allocated to the Group's cash-generating units ("CGU"), business segment as follows:

| | Group | |
|----------------|------------|------------|
| | 2019 RM | 2018 RM |
| Semi-conductor | 4,146,003 | 4,057,009 |

Goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indicators of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount. Impairment loss is recognised in the consolidated statement of comprehensive income and subsequent reversal is not allowed.

The recoverable amount of semi-conductor segment is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The budgeted gross margin of 35% (2018: 35%) is based on the management's expectation of market developments in the industry.

(ii) Discount rate

The pre-tax discount rate used of 12.34% (2018: 13.19%) which reflected specific risks of chemical trading and manufacturing of semiconductor equipment segment in the Republic of Singapore.

The directors believe that no reasonable change in the above key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. OTHER INVESTMENT

| | Group/Company | |
|--|---------------|------|
| | 2019 | 2018 |
| | RM | RM |
| Available-for-sale ("AFS") financial assets | | |
| Unquoted shares, at cost | | |
| At 31 March 2019/2018 | - | 2 |

11. INVENTORIES

| | Group | |
|----------------|-----------|-----------|
| | 2019 | 2018 |
| | RM | RM |
| At cost: | | |
| Finished goods | 1,275,474 | 1,672,680 |
| Raw materials | 955,198 | 481,162 |
| | 2,230,672 | 2,153,842 |

Cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM9,643,723 (2018: RM9,247,494).

12. TRADE RECEIVABLES

| | Group | | Company | |
|---------------------------------------|-----------|-----------|---------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| | RM | RM | RM | RM |
| Trade receivables | 2,621,549 | 2,648,273 | 414,829 | 62,822 |
| Less: Allowance for impairment losses | - | (889) | - | (889) |
| | 2,621,549 | 2,647,384 | 414,829 | 61,933 |

(a) Credit terms of trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2018: 30 to 60 days) terms.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE RECEIVABLES (Cont'd)

(b) Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment allowance of trade receivables are as follows:

| | Group/Company | |
|--------------------------------|---------------|------|
| | 2019 | 2018 |
| | RM | RM |
| At 1 April | 889 | - |
| Charged for the financial year | | |
| – individually assessed | - | 889 |
| Written off | (889) | - |
| At 31 March | - | 889 |

* Loss allowances disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

Trade receivables that are individually determined to be credit impaired at 31 March 2018 the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

The information about the credit exposures are disclosed in Note 32(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Note | Group | | Company | |
|---|------|--------------|--------------|------------|------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Other receivables, deposits and prepayments | | 11,733,335 | 11,737,533 | 761,553 | 735,503 |
| Less : Allowance for impairment losses | (a) | (11,026,492) | (10,907,779) | (246,579) | (246,579) |
| | | 706,843 | 829,754 | 514,974 | 488,924 |

The other receivables, deposits and prepayments comprise:

| | | | | | |
|--|-----|---------|---------|---------|---------|
| Amount due from: | | | | | |
| – External parties | | 9,397 | 155,313 | 4,477 | 25,555 |
| – A company in which the Company and a director has financial interest | (b) | 13,649 | 16,987 | 13,649 | 13,649 |
| – Joint venture | (b) | 76,242 | 76,240 | 10,998 | 10,998 |
| Deposits | | 138,919 | 139,273 | 131,384 | 131,384 |
| Prepayments | | 360,396 | 345,147 | 337,647 | 304,935 |
| GST refundable | | 108,240 | 96,794 | 16,819 | 2,403 |
| | | 706,843 | 829,754 | 514,974 | 488,924 |

(a) The movements of the allowance accounts used to record the impairment loss are as follows:

| | Group | | Company | |
|------------------------|------------|-------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| At 1 April 2018/2017 | 10,907,779 | 12,462,940 | 246,579 | 246,579 |
| Written off | (426,353) | - | - | - |
| Translation difference | 545,066 | (1,555,161) | - | - |
| At 31 March | 11,026,492 | 10,907,779 | 246,579 | 246,579 |

* Loss allowances disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties. These receivables are not secured by any collateral or credit enhancements.

(b) The amounts are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. DEPOSITS WITH LICENSED BANK

The deposits with licensed bank of the Group and the Company bear effective interest at rate of 1.50% (2018: 1.50%) per annum with maturity period of 1 day (2018: 1 days).

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The asset classified as held for sales on the Group's and the Company's statement of financial position as at 31 March 2019 is as follows:

| | Group/Company | |
|-------------------|---------------|------------|
| | 2019 | 2018 |
| | RM | RM |
| At cost: | | |
| Other Investments | 12,500,000 | 12,500,000 |

- (a) On 19 July 2017, the Company entered into a Share Sale Agreement ("SSA") with Chase Perdana Sdn. Bhd. ("CPSB"), a related company of the Group, to dispose of its 2.08% unquoted equity interest in Academic Medical Centre Sdn. Bhd. ("AMC") for RM12,500,000. The 30% initial payment under the SSA amounting to RM3,750,000 was due on 17 August 2017 while the remaining 70% is to be paid over 23 monthly instalments with interest at 8.08% per annum.

On 16 August 2017, CPSB has requested for the deferment of the 30% initial payment for 30 days with interest at 8.08% per annum for the deferment period. The proposal was duly accepted by the Company and the said outstanding amount together with interest was payable on 15 September 2017.

On 12 September 2017, CPSB requested for deferment of the said initial payment and the 1st instalment of the remaining 70% balance to 1 November 2017.

On 1 November 2017, CPSB requested and had been granted a deferment on and before 31 December 2017.

On 20 December 2017, a Special Board of Directors' Meeting was held as CPSB has yet to make payment as part of the SSA amounting to RM12,500,000 with interest. The Company and CPSB had subsequently agreed that the outstanding debts due to CPSB of RM2,500,000 will be utilised to set off part of the 30% initial payment. The Company had also approved CPSB's request for further extension of 120 days up to 31 March 2018 to make payment on the remaining 30% initial payment amounting to RM1,250,000 together with all interest in arrears at the date.

On 5 July 2018, CPSB have requested and been granted to settle the remaining initial payment of RM1,250,000 on 12 monthly instalments which will end in May 2019. Upon full payment of the 30% deposit and its related accrued interest, the Company will proceed to comply with the condition precedent as stipulated in the SSA, which includes obtaining approvals from all the relevant authorities and approval from shareholder of the Company and CPSB.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (Cont'd)

- (a) During the financial year, CPSB has fully paid the 30% initial payment amounting to RM3,750,000. In addition to that, RM1,250,000 has been paid bringing the total payment to RM5,000,000 as at 31 March 2019. The Company has appointed an independent advisor and the independent advisor has proposed that the Company and CPSB shall enter into a Supplemental Share Sale Agreement (“SSSA”) due to variations in terms of the original SSA. As at the date of the authorisation of the financial statements, the Company is in the midst of finalising the SSSA.

Based on the above, the Group and the Company have retained the investment in AMC as non-current assets classified as held for sale pending the finalisation of the SSSA.

The audited financial statements of CPSB, being the purchaser under the SSA, for the financial year ended 31 December 2017, being the latest available audited financial statements, indicated that CPSB's current liabilities had exceeded its current assets by RM87,816,000. In addition, the CPSB's independent auditors had included a Material Uncertainty Related to Going Concern paragraph in their independent auditors' report.

- (b) The audited financial statements of AMC for the financial year ended 31 December 2017, being the latest available audited financial statements, indicated that AMC's current liabilities had exceeded its current assets by RM227,546,292. In addition, its independent auditors had included a Material Uncertainty Related to Going Concern paragraph in their independent auditors' report. The management of AMC has emphasised to the Group that AMC is viable based on the projected cash flow and net present value done by the management of AMC.

Based on the above, the Group has assessed and is of the opinion that there is no impairment required on the investment in AMC.

16. SHARE CAPITAL

| | Group/Company | | | |
|----------------------------------|------------------|-------------|-------------|-------------|
| | Number of shares | | Amount | |
| | 2019 | 2018 | 2019 | 2018 |
| | Unit | Unit | RM | RM |
| Issued and fully paid up: | | | | |
| At 1 April/31 March | 228,728,426 | 228,728,426 | 280,778,632 | 280,778,632 |

The new Companies Act 2016 (the “Act”), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary share are entitled to receive dividends from time to time and are entitled to one vote per share at meeting of the Company. All shares rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. RESERVES

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Foreign currency translation reserve * | (22,629,084) | 4,436,196 | - | - |
| Accumulated losses | (137,383,180) | (162,596,430) | (146,324,849) | (161,361,612) |
| | (160,012,264) | (158,160,234) | (146,324,849) | (161,361,612) |

* These reserves are not available for distribution as dividends.

The foreign currency translation reserve is used to record foreign currency 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. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

18. DEFERRED TAX LIABILITIES

| | Group | | Company | |
|------------------------|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| At 1 April 2018/2017 | 2,221,597 | 2,250,294 | 1,832,276 | 1,832,276 |
| Translation difference | 8,540 | (28,697) | - | - |
| At 31 March | 2,230,137 | 2,221,597 | 1,832,276 | 1,832,276 |

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

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Unabsorbed capital allowances | 41,173 | 55,186 | 41,173 | 55,186 |
| Investment property | 1,832,276 | 1,832,276 | 1,832,276 | 1,832,276 |
| Difference between the carrying amounts of property, plant and equipment and their tax bases | 356,688 | 334,135 | (41,173) | (55,186) |
| | 2,230,137 | 2,221,597 | 1,832,276 | 1,832,276 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX LIABILITIES (Cont'd)

The deferred tax assets of the Company and certain subsidiaries not recognised in the financial statements are in respect of the following temporary differences:

| | 2019 RM | 2018 RM |
|---|------------|------------|
| Group | | |
| Unutilised tax losses, unabsorbed capital allowances and others | 12,856,045 | 22,852,595 |
| Company | | |
| Unutilised tax losses, unabsorbed capital allowances and others | 12,856,045 | 11,268,032 |

Included in unutilised tax losses of the Group is an amount of RM Nil (2018: RM11,558,903) which will expire in the year 2035.

With effect from year of assessment 2019, unutilised tax losses of RM11,335,076 (2018: RM9,619,455) in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. Accumulated unutilised tax loss brought forward from year of assessment 2019 can be utilised for another 7 years of assessment and will be disregarded in year of assessment 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. BORROWINGS

| | Group | | Company | |
|---------------------------|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Non-current | | | | |
| Term loan - secured | 38,335,513 | 41,033,602 | 38,335,513 | 41,033,602 |
| Finance lease liabilities | - | 9,131 | - | - |
| | 38,335,513 | 41,042,733 | 38,335,513 | 41,033,602 |
| Current | | | | |
| Term loan - secured | 2,679,746 | - | 2,679,746 | - |
| Bank overdrafts | | | | |
| - secured | | | | |
| - Singapore Dollar | 1,557,895 | 3,023,073 | - | - |
| Finance lease liabilities | - | 8,648 | - | - |
| | 4,237,641 | 3,031,721 | 2,679,746 | - |
| | 42,573,154 | 44,074,454 | 41,015,259 | 41,033,602 |

Term Loan

The term loan is repayable as follows:

| | Company | |
|-------------------------------------|------------|------------|
| | 2019 RM | 2018 RM |
| Within 12 months | 2,679,746 | - |
| More than 1 year but up to 2 years | 4,917,017 | 2,736,680 |
| More than 2 years but up to 3 years | 5,355,888 | 5,011,543 |
| More than 3 years but up to 4 years | 5,833,930 | 5,445,316 |
| More than 4 years but up to 5 years | 6,350,840 | 5,916,635 |
| After 5 years | 15,877,838 | 21,923,428 |
| | 41,015,259 | 41,033,602 |

The term loan of the Group and of the Company is secured by:

- legal charge over building known as Wisma Chase Perdana, held under lot 51452, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur (Note 5 and 6); and
- deed of assignment over rental proceeds of the 26 strata office units and car parks in Wisma Chase Perdana.

The term loan bear interest at an interest rate of 8.58% (2018: 8.33%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. BORROWINGS (Cont'd)

Bank Overdrafts

The bank overdrafts of the Group are secured by:

- (a) corporate guarantee by the Company; and
- (b) a legal charge over a subsidiary's property.

The bank overdrafts bear interest at a rate of 6.00% (2018: 6.00%) per annum.

Finance Lease Liabilities

Finance lease liabilities are payable as follows:

| | Group | |
|--|------------|------------|
| | 2019 RM | 2018 RM |
| Future minimum lease payments | - | 18,784 |
| Less: Future finance charges | - | (1,005) |
| Total present value of minimum lease payments | - | 17,779 |
| Payable within one year | | |
| Future minimum lease payments | - | 9,390 |
| Less: Future finance charges | - | (742) |
| Present value of minimum lease payments | - | 8,648 |
| Payable more than 1 year but not more than 5 years | | |
| Future minimum lease payments | - | 9,394 |
| Less: Future finance charges | - | (263) |
| Present value of minimum lease payments | - | 9,131 |
| Total present value of minimum lease payments | - | 17,779 |

The finance lease liabilities bear effective interest at a rate of Nil (2018: 3.00%) per annum and are denominated in SGD.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. TRADE PAYABLES

The normal trade credit terms granted by the trade payables are generally ranging from 30 to 60 days (2018: 30 to 60 days).

21. AMOUNT DUE TO HOLDING COMPANY

The amount is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

22. OTHER PAYABLES AND ACCRUALS

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Other payables | 7,409,348 | 4,708,395 | 6,032,154 | 3,306,004 |
| Accruals | 463,212 | 1,004,035 | 272,424 | 546,585 |
| Rental and utilities deposits | 679,761 | 911,833 | 679,761 | 911,833 |
| | 8,552,321 | 6,624,263 | 6,984,339 | 4,764,422 |

Included in other payables of the Group and of the Company are amounts of RM5,150,306 (2018: RM2,688,580) and RM5,150,306 (2018: RM2,688,580) owing to related companies. These amounts are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

23. REVENUE

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Revenue from contract with customers | | | | |
| Sale of goods | 15,406,672 | 15,013,534 | - | - |
| Revenue from other sources | | | | |
| Rental income from investment property | 4,637,517 | 4,369,312 | 4,637,517 | 4,369,312 |
| | 20,044,189 | 19,382,846 | 4,637,517 | 4,369,312 |
| Timing of revenue recognition | | | | |
| At a point in time | 15,406,672 | | | |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE (Cont'd)

Disaggregation of Revenue

The Group reports the following major segments: semi-conductors in accordance with MFRS 8 *Operating segments*. For the purpose of the disclosure of revenue, it disaggregates revenue into primary geographical markets and timing of revenue recognition (i.e. goods transferred at a point in time).

| | Semi-conductor RM | Total RM |
|--------------------------------------|----------------------|-------------|
| 2019 | | |
| Group | | |
| Primary geographical markets | | |
| Singapore | 15,406,672 | 15,406,672 |
| Timing of revenue recognition | | |
| At a point in time | 15,406,672 | |

Transactions Price Allocated to the Remaining Performance Obligation

The Group does not have performance obligations that are unsatisfied for contracts that have an original duration of more than one year at the reporting date.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and accordingly, do not disclose information about remaining performance obligations that have original expected durations of one year or less.

24. COST OF SALES

Cost of sales of the Group and of the Company comprise of the following:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Manufacturing and trading goods | 9,643,723 | 9,283,171 | - | - |
| Direct expenses on investment property | 1,812,353 | 2,835,748 | 1,812,353 | 2,835,748 |
| | 11,456,076 | 12,118,919 | 1,812,353 | 2,835,748 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax from continuing operations is arrived at after charging/(crediting):

| | Group | | Company | |
|---|------------|------------|--------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Auditors' remuneration | | | | |
| – Audit services | | | | |
| - current financial year | 142,346 | 194,920 | 94,000 | 94,000 |
| - (over)/under provision in prior financial year | (1,640) | (84) | (1,640) | 960 |
| - other services by auditor of the Company | 43,335 | 29,250 | 43,335 | 29,250 |
| Depreciation of property, plant and equipment | 541,725 | 740,252 | 283,518 | 409,555 |
| Employee benefits expenses [Note 25(a)] | 3,459,313 | 4,148,444 | 1,073,504 | 1,291,033 |
| Impairment loss on trade receivables | - | 889 | - | 889 |
| Impairment loss on investment in a subsidiary | - | - | 3,000,000 | - |
| Interest expenses | | | | |
| – bank overdrafts and other bank borrowings | 3,677,389 | 4,682,830 | 3,523,532 | 4,558,495 |
| – others | - | - | 133,762 | 121,904 |
| Research and development expenditure | 160,801 | 92,597 | - | - |
| Non-executive directors' remuneration (Note 26) | 287,934 | 237,056 | 287,934 | 237,056 |
| Operating leases: | | | | |
| – Rental of office and computer equipment | - | 9,590 | - | 3,250 |
| – Rental of premises | 108,680 | 115,049 | - | - |
| Reversal of impairment losses on amount due from subsidiaries | - | - | (20,759,580) | - |
| Realised foreign exchange (gain)/loss | (50,164) | 50,079 | - | - |
| Gain on disposal of property, plant and equipment | (43,842) | (9,218) | (47,499) | - |
| Investment in subsidiaries written off | - | - | 56 | - |
| Interest income | | | | |
| – Short term deposits with licensed banks | (2,728) | (1,022) | (2,698) | (926) |
| – others | (5,295) | (29,761) | (5,295) | (29,761) |
| Unrealised foreign exchange loss | - | 27,701 | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. (LOSS)/PROFIT BEFORE TAX (Cont'd)

(a) Employee benefits expenses

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Salaries, bonus and other staff related costs | 3,101,767 | 3,690,397 | 994,838 | 1,159,009 |
| Contributions to defined contribution plans | 357,546 | 458,047 | 78,666 | 132,024 |
| Employee benefits expenses | 3,459,313 | 4,148,444 | 1,073,504 | 1,291,033 |

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM Nil (2018: RM361,414) and RM Nil (2018: RM284,596).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Directors of the Company: | | | | |
| <u>Executive directors</u> | | | | |
| Salaries and other emoluments | - | 330,361 | - | 253,543 |
| Contributions to defined contribution plans | - | 31,053 | - | 31,053 |
| Estimated monetary value of benefit-in-kind | - | 8,400 | - | 8,400 |
| | - | 369,814 | - | 292,996 |
| Directors of the Company: | | | | |
| <u>Non-executive directors</u> | | | | |
| Fees | 207,303 | 155,387 | 207,303 | 155,387 |
| Other emoluments | 80,631 | 81,669 | 80,631 | 81,669 |
| | 287,934 | 237,056 | 287,934 | 237,056 |
| Director of the subsidiary: | | | | |
| <u>Executive directors</u> | | | | |
| Salaries and other emoluments | 480,502 | 451,691 | - | - |
| Contributions to defined contribution plans | 46,012 | 43,577 | - | - |
| | 526,514 | 495,268 | - | - |
| | 814,448 | 1,102,138 | 287,934 | 530,052 |

Benefits provided to directors

The estimated value of benefits provided to directors during the financial year by way of usage of the Group's and of the Company's plant and equipment are as follows:

| | Group/Company | |
|--|---------------|------------|
| | 2019 RM | 2018 RM |
| Estimated monetary value of benefits-in-kind | - | 8,400 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. TAX EXPENSE

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Current tax: | | | | |
| Current financial year | | | | |
| Malaysian taxation | - | 4,300 | - | - |
| Overseas taxation | 265,890 | 185,528 | - | - |
| Prior financial year | | | | |
| Malaysian taxation | - | - | - | - |
| Overseas taxation | 102,309 | (14,282) | - | - |
| Tax expense recognised in profit or loss | 368,199 | 175,546 | - | - |

The reconciliation from the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

| | Group | | Company | |
|--|------------|-------------|-------------|-------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| (Loss)/profit before tax | (444,518) | (2,515,813) | 15,036,763 | (5,244,659) |
| Tax at Malaysian statutory income tax rate of 24% | (106,684) | (603,795) | 3,608,823 | (1,258,718) |
| Effect of different tax rates in foreign jurisdictions | (157,566) | (194,094) | - | - |
| Non-allowable expenses | 311,082 | 194,552 | 1,041,962 | 391,791 |
| Deferred tax assets not recognised in the financial statements | 331,515 | 870,098 | 331,515 | 866,927 |
| Overseas tax incentive | (107,854) | (133,998) | - | - |
| Non-taxable income | - | 20,284 | (4,982,300) | - |
| Others | (4,603) | 36,781 | - | - |
| Current financial year expense | 265,890 | 189,828 | - | - |
| Over provision in prior financial year: | | | | |
| – current tax | 102,309 | (14,282) | - | - |
| Tax expense | 368,199 | 175,546 | - | - |

Domestic income tax is calculated at the Malaysian Statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. LOSS PER ORDINARY SHARE

Basic Loss per Ordinary Share

Basic loss per share amounts are calculated by dividing loss for the financial year from continuing or discontinued operations attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

The basic loss per share is calculated by dividing the Group's loss after tax and non-controlling interests by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|-------------|-------------|
| | 2019 RM | 2018 RM |
| Loss attributable to owners of Company | (1,583,617) | (2,639,288) |
| Weighted average number of ordinary shares for basic earnings per share computation | 228,728,426 | 228,728,426 |
| Loss per ordinary share (sen) | (0.69) | (1.15) |

Diluted Loss per Ordinary Share

The Group has no dilutive potential ordinary shares. As such, there is no dilution effect on the loss per ordinary share of the Group for the financial year.

29. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Total future minimum lease payments under non-cancellable operating lease in relation to the land and office equipment of the Company and a subsidiary are as follows:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Payable within 1 year | 116,748 | 114,242 | - | - |
| Payable after 1 year but not later than 5 years | 466,993 | 456,968 | - | - |
| Payable after 5 years | 2,164,703 | 2,232,478 | - | - |
| | 2,748,444 | 2,803,688 | - | - |

The Group leases land and office equipment under operating leases. The leases run for a period of between 5 and 30 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. RELATED PARTY DISCLOSURES

(a) Identity of Related Party

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

The Group and the Company have a related party relationship with its subsidiaries, joint venture, key management personnel, related company, related parties and persons connected to directors. Related company refers to subsidiary of holding company. Related parties refer to companies in which certain directors of the Company have substantial financial interests.

(b) Related Party Transactions and Balances

In addition to the transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Group/Company | |
|--|----------------------|-------------|
| | 2019 | 2018 |
| | RM | RM |
| Transactions with related company | | |
| Chase Perdana Sdn. Bhd. ("CPSB") (The Company and CPSB have a common holding company) | | |
| – Contract work paid/payable | 151,269 | 607,155 |
| – Rental of office received/receivable | (240,624) | (240,624) |
| | | |
| | Company | |
| | 2019 | 2018 |
| | RM | RM |
| Transactions with holding company | | |
| Empire Holdings Limited | | |
| – Interest received/receivable | - | (29,761) |
| | | |
| Transactions with subsidiaries | | |
| Turiya Technologies Pte. Ltd. | | |
| – Interest paid/payable | - | 121,904 |
| | | |
| Pyramid Manufacturing Industries Pte. Ltd. | | |
| – Interest paid/payable | 133,762 | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of Key Management Personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling activities of the entity, including directors of the Group and of the Company.

The remuneration of the key management personnel (including directors) is as follows:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Salaries and other employee benefits | 819,885 | 1,019,108 | 339,383 | 490,599 |
| Contribution to statutory provident fund | 46,012 | 74,630 | - | 31,053 |
| Estimated monetary value of benefits-in-kind | - | 8,400 | - | 8,400 |
| | 865,897 | 1,102,138 | 339,383 | 530,052 |

Included in the key management personnel compensation are:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Directors' remuneration and fees of the Company | 339,383 | 598,470 | 339,383 | 521,652 |
| Directors' remuneration of subsidiaries | 526,514 | 495,268 | - | - |
| Estimated monetary value of benefits-in-kind | - | 8,400 | - | 8,400 |
| | 865,897 | 1,102,138 | 339,383 | 530,052 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

| | |
|---------------------|--|
| Investment holding | Investment holding and provision of management consultancy services. |
| Investment property | Rental of office lots. |
| Semi-conductor | Manufacturing industrial machineries, chemicals trading. |
| Health care | Provision of medical laboratory management and testing. |

Segment Revenue and Results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment result represents profit before tax, interest income and finance cost of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment Assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in joint venture, deferred tax assets and current tax assets.

Segment Liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities, borrowings and deferred tax liabilities.

Information about Major Customers

There is no single customer with revenue equal or more than 10% of the Group revenue during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION (Cont'd)

(a) Segment Revenue and Results

| 2019 | Investment holding & others RM | Investment Property RM | Semi-conductor RM | Health Care RM | Total Eliminations RM | Consolidated RM |
|--|--------------------------------|------------------------|-------------------|----------------|-----------------------|-----------------|
| REVENUE | | | | | | |
| External revenue | - | 4,637,517 | 15,406,672 | - | 20,044,189 | 20,044,189 |
| Intersegment revenue | - | - | - | - | - | - |
| Total revenue | - | 4,637,517 | 15,406,672 | - | 20,044,189 | 20,044,189 |
| RESULTS | | | | | | |
| Segment results | (143,292,334) | 2,637,929 | (11,900,409) | (41,948) | (130,763,058) | 3,224,848 |
| Interest income | 8,011 | - | 12 | - | 8,023 | 8,023 |
| Profit from operations | | | | | | 3,232,871 |
| Finance costs | - | (3,657,294) | (153,857) | - | 133,762 | (3,677,389) |
| Loss before tax | | | | | | (444,518) |
| Tax expense | | | | | | (368,199) |
| Loss for the financial year | | | | | | (812,717) |
| Non-controlling interests | | | | | | (770,900) |
| Loss attributable to owners of the Company | | | | | | (1,583,617) |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION (Cont'd)
(a) Segment Revenue and Results (Cont'd)

| 2018 | Investment holding & others RM | Investment Property RM | Semi-conductor RM | Health Care RM | Total Eliminations RM | Consolidated RM |
|--|-----------------------------------|---------------------------|----------------------|-------------------|--------------------------|--------------------|
| REVENUE | | | | | | |
| External revenue | - | 4,369,312 | 15,013,534 | - | 19,382,846 | 19,382,846 |
| Intersegment revenue | 129,055 | - | - | - | 129,055 | (129,055) |
| Total revenue | 129,055 | 4,369,312 | 15,013,534 | - | 19,511,901 | 19,382,846 |
| RESULTS | | | | | | |
| Segment results | (1,182,370) | 1,533,564 | 1,834,340 | (49,300) | 2,136,234 | 2,136,234 |
| Interest income | 30,740 | - | 43 | - | 30,783 | 30,783 |
| Profit from operations | - | - | (124,335) | - | 2,167,017 | 2,167,017 |
| Finance costs | - | (4,558,495) | - | - | (4,682,830) | (4,682,830) |
| Loss before tax | - | - | - | - | (2,515,813) | (2,515,813) |
| Tax expense | - | - | - | - | (175,546) | (175,546) |
| Loss for the financial year | - | - | - | - | (2,691,359) | (2,691,359) |
| Non-controlling interests | - | - | - | - | 52,071 | 52,071 |
| Loss attributable to owners of the Company | - | - | - | - | (2,639,288) | (2,639,288) |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION (Cont'd)

(b) Segment Assets and Liabilities

| | Investment holding & others RM | Investment Property RM | Semi-conductor RM | Health Care RM | Total Eliminations RM | Consolidated RM |
|--|-----------------------------------|---------------------------|----------------------|-------------------|--------------------------|--------------------|
| 2019 | | | | | | |
| Segment assets representing consolidated total assets | 22,216,872 | 143,198,106 | 9,954,613 | 75,787 | 175,445,378 | 175,445,378 |
| Segment liabilities | 8,364,270 | - | 903,630 | 24,972 | 9,292,872 | 9,292,872 |
| Borrowings | - | 41,015,259 | 1,557,895 | - | 42,573,154 | 42,573,154 |
| Deferred tax liabilities | - | 1,832,276 | 397,861 | - | 2,230,137 | 2,230,137 |
| Consolidated total liabilities | 8,364,270 | 42,847,535 | 2,859,386 | 24,972 | 54,096,163 | 54,096,163 |
| OTHER INFORMATION | | | | | | |
| Depreciation of property, plant and equipment | 283,518 | - | 258,207 | - | 541,725 | 541,725 |
| <u>Additions to non-current assets other than financial instruments and deferred tax assets:</u> | | | | | | |
| Additions to property, plant and equipment and investment property | 4,490 | - | 4,353 | - | 8,843 | 8,843 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION (Cont'd)

(b) Segment Assets and Liabilities (Cont'd)

| 2018 | Investment holding & others RM | Investment Property RM | Semi-conductor RM | Health Care RM | Total Eliminations RM | Consolidated RM |
|--|-----------------------------------|---------------------------|----------------------|-------------------|--------------------------|--------------------|
| Segment assets representing consolidated total assets | 22,253,592 | 143,198,106 | 10,738,813 | 79,528 | 176,270,039 | 176,270,039 |
| Segment liabilities | 6,579,756 | - | 1,564,494 | 49,973 | 8,194,223 | 8,194,223 |
| Borrowings | - | 41,033,602 | 3,040,852 | - | 44,074,454 | 44,074,454 |
| Deferred tax liabilities | - | 1,832,276 | 389,321 | - | 2,221,597 | 2,221,597 |
| Consolidated total liabilities | 6,579,756 | 42,865,878 | 4,994,667 | 49,973 | 54,490,274 | 54,490,274 |
| OTHER INFORMATION | | | | | | |
| Depreciation of property, plant and equipment | 409,555 | - | 330,697 | - | 740,252 | 740,252 |
| <u>Additions to non-current assets other than financial instruments and deferred tax assets:</u> | | | | | | |
| Additions to property, plant and equipment and investment property | 6,217 | - | 46,398 | - | 52,615 | 52,615 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION (Cont'd)

(c) Geographical Information

Revenue information based on the geographical location of customers and non-current assets analysed by geographical location of the assets are as follows:

| | Malaysia RM | Singapore RM | Total Consolidated RM | |
|----------------------|----------------|-----------------|--------------------------|-------------|
| 2019 | | | | |
| Revenue | 4,637,517 | 15,406,672 | 20,044,189 | 20,044,189 |
| Non-current assets * | 151,484,127 | 4,438,276 | 155,922,403 | 155,922,403 |
| 2018 | | | | |
| Revenue | 4,369,312 | 15,013,534 | 19,382,846 | 19,382,846 |
| Non-current assets * | 151,674,162 | 4,604,482 | 156,278,644 | 156,278,644 |

* Excluding financial assets and deferred tax assets.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risks, and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the division heads and heads of departments within the Group and the Company. The Audit Committee provides independent oversight to the effectiveness of risk management process.

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

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate relates to interest bearing financial assets and liabilities.

Interest bearing financial assets include fixed deposits with licensed banks which are placed for better yield returns than cash at banks. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk.

The Group's interest bearing financial liabilities comprise finance lease liabilities, bank overdrafts, bank line of credit and term loan. The bank overdrafts, bank line of credit and term loan totalling RM42,573,154 (2018: RM44,056,675) at floating rate expose the Group to cash flow interest rate risk. The finance lease liabilities at fixed rate expose the Group to fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Interest Rate Risk (Cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, an increase/decrease of 50 basis points in interest rate, with all other variables held constant, the Group's profit net of tax would increase or decrease by approximately RM161,800 (2018: RM167,400), arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an individual credit limits are defined in accordance with this assessment.

Trade Receivables

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

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

Trade Receivables (Cont'd)

Credit risk concentration profile

There is no significant concentration of credit risk with any single party as at the reporting date.

The Group determines concentration of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

| | Group | |
|----------------------------|-----------|-----------|
| | 2019 | 2018 |
| | RM | RM |
| By country | | |
| Republic of Singapore | 2,206,720 | 2,495,103 |
| People's Republic of China | - | 90,348 |
| Malaysia | 414,829 | 61,933 |
| | 2,621,549 | 2,647,384 |

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on the days past due. The Group also individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and default or significant delay in payments. The determination of expected credit losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

Trade Receivables (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables using provision matrix as at 31 March 2019 are as follows:

| Group | Gross carrying amount RM | ECL allowance RM | Net balance RM |
|-------------------------|-----------------------------------|------------------------|----------------------|
| Current | 1,826,101 | - | 1,826,101 |
| 1 to 30 days past due | 100,478 | - | 100,478 |
| 31 to 60 days past due | 655,844 | - | 655,844 |
| 61 to 90 days past due | 10,979 | - | 10,979 |
| 91 to 120 days past due | 28,147 | - | 28,147 |
| | 2,621,549 | - | 2,621,549 |

| Company | Gross carrying amount RM | ECL allowance RM | Net balance RM |
|------------------------|-----------------------------------|------------------------|----------------------|
| Current | 309,626 | - | 309,626 |
| 1 to 30 days past due | 100,478 | - | 100,478 |
| 61 to 90 days past due | 4,725 | - | 4,725 |
| | 414,829 | - | 414,829 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

Trade Receivables (Cont'd)

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement

As at 31 March 2018, the ageing analysis of the Group's and the Company's trade receivables were as follows:

| | Group 2018 RM |
|--|--------------------------------|
| Neither past due nor impaired | 1,965,875 |
| Past due but not impaired: | |
| 1 to 30 days past due but not impaired | 887 |
| 31 to 60 days past due but not impaired | 641,820 |
| 61 to 90 days past due but not impaired | 7,501 |
| 91 to 120 days past due but not impaired | 27,753 |
| More than 121 days past due but not impaired | 3,548 |
| | <hr/> 681,509 |
| Impaired | 889 |
| | <hr/> 2,648,273 |
| | <hr/> |
| | Company 2018 RM |
| Neither past due nor impaired | 55,851 |
| Past due but not impaired: | |
| 1 to 30 days past due but not impaired | 887 |
| 31 to 60 days past due but not impaired | 54 |
| 61 to 90 days past due but not impaired | 1,378 |
| 91 to 120 days past due but not impaired | 215 |
| More than 121 days past due but not impaired | 3,548 |
| | <hr/> 6,082 |
| Impaired | 889 |
| | <hr/> 62,822 |
| | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relates to debtors with no significant changes in the credit quality and the amounts are still considered recoverable. The Group and the Company does not hold any collateral or other credit enhancement over these balances.

Other Receivables and Other Financial Assets

For other receivables and other financial assets (including investment securities, deposits, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.13(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Other than the credit-impaired other receivables, the Group and the Company consider the other financial assets as at 31 March 2019 to have low credit risk and the expected credit loss is negligible. The reconciliation of loss allowance for other receivables as at 31 March 2019 is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

Financial Guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM1,557,895 (2018: RM3,023,073) representing the maximum amount the Company could pay if the guarantee is called on. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiary's secured borrowing.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

As at 31 March 2019, the Group's and the Company's current liabilities exceeded their current assets (excluding non-current assets classified as held for sale) by RM6,507,541 and RM8,526,642 respectively.

The directors are of the view that the Group will be able to generate sufficient cash inflows within the next twelve months to meet its working capital requirements. Judgements and estimates are used in the preparation of the cash flow forecast.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

| Group | Carrying amount RM | Contractual cash flows RM | On demand or within 1 year | | | | Over 5 years RM |
|-------------------------------|-----------------------|------------------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | | | 1 year RM | 1 to 2 years RM | 2 to 5 years RM | Over 5 years RM | |
| 31 March 2019 | | | | | | | |
| <u>Financial liabilities:</u> | | | | | | | |
| Trade payables | 443,692 | 443,692 | 443,692 | - | - | - | - |
| Other payables and accruals | 8,552,321 | 8,552,321 | 8,552,321 | - | - | - | - |
| Borrowings | 42,573,154 | 61,971,306 | 7,687,208 | 7,994,964 | 23,984,892 | 22,304,242 | |
| | 51,569,167 | 70,967,319 | 16,683,221 | 7,994,964 | 23,984,892 | 22,304,242 | |
| 31 March 2018 | | | | | | | |
| <u>Financial liabilities:</u> | | | | | | | |
| Trade payables | 1,122,707 | 1,122,707 | 1,122,707 | - | - | - | - |
| Other payables and accruals | 6,624,263 | 6,624,263 | 6,624,263 | - | - | - | - |
| Amount due to holding company | 271,871 | 271,871 | 271,871 | - | - | - | - |
| Borrowings | 44,074,454 | 61,185,125 | 6,430,454 | 6,097,486 | 23,984,892 | 24,672,293 | |
| | 52,093,295 | 69,203,966 | 14,449,295 | 6,097,486 | 23,984,892 | 24,672,293 | |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (Cont'd)

| Company | Carrying amount RM | Contractual cash flows RM | On demand or within | | | |
|-------------------------------|-----------------------|------------------------------|---------------------|--------------------|--------------------|--------------------|
| | | | 1 year RM | 1 to 2 years RM | 2 to 5 years RM | Over 5 years RM |
| 31 March 2019 | | | | | | |
| <u>Financial liabilities:</u> | | | | | | |
| Trade payables | 134,497 | 134,497 | 134,497 | - | - | - |
| Other payables and accruals | 6,984,339 | 6,984,339 | 6,984,339 | - | - | - |
| Amount due to subsidiaries | 110,163 | 110,163 | 110,163 | - | - | - |
| Borrowings | 41,015,259 | 60,413,411 | 6,129,313 | 7,994,964 | 23,984,892 | 22,304,242 |
| | 48,244,258 | 67,642,410 | 13,358,312 | 7,994,964 | 23,984,892 | 22,304,242 |
| 31 March 2018 | | | | | | |
| <u>Financial liabilities:</u> | | | | | | |
| Trade payables | 72,446 | 72,446 | 72,446 | - | - | - |
| Other payables and accruals | 4,764,422 | 4,764,422 | 4,764,422 | - | - | - |
| Amount due to subsidiaries | 7,777 | 7,777 | 7,777 | - | - | - |
| Amount due to holding company | 271,871 | 271,871 | 271,871 | - | - | - |
| Borrowings | 41,033,602 | 58,143,288 | 3,397,991 | 6,088,092 | 23,984,892 | 24,672,293 |
| | 46,150,118 | 63,259,784 | 8,514,507 | 6,088,092 | 23,984,892 | 24,672,293 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk

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

The Group and the Company have transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group, primarily Ringgit Malaysia, China Renminbi ("RMB") and Singapore Dollar ("SGD"). The foreign currency in which these transactions are denominated is mainly in United States Dollar ("USD"). The Company has advances from its subsidiary denominated in Singapore Dollar ("SGD").

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Singapore and China are not hedged as currency positions in SGD and RMB are considered to be long-term in nature.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group's foreign currency exposure profiles are as follows:

| | USD RM | Total RM |
|---|-----------|-------------|
| 2019 | | |
| <u>Financial Assets</u> | | |
| Cash and cash equivalents | 891,022 | 891,022 |
| Trade and other receivables | 1,208,805 | 1,208,805 |
| | 2,099,827 | 2,099,827 |
| <u>Financial Liabilities</u> | | |
| Trade payables | (277,029) | (277,029) |
| Currency exposure on net financial assets | 1,822,798 | 1,822,798 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Foreign Currency Risk (Cont'd)

| | USD RM | Total RM |
|---|------------------|------------------|
| 2018 | | |
| <u>Financial Assets</u> | | |
| Cash and cash equivalents | 901,773 | 901,773 |
| Trade and other receivables | 1,288,522 | 1,288,522 |
| | <u>2,190,295</u> | <u>2,190,295</u> |
| <u>Financial Liabilities</u> | | |
| Trade payables | (129,060) | (129,060) |
| Currency exposure on net financial assets | <u>2,061,235</u> | <u>2,061,235</u> |

The Company's foreign currency exposure profiles is as follows:

| | SGD RM | Total RM |
|---|-----------|-------------|
| 2019 | | |
| <u>Financial Liabilities</u> | | |
| Amount due to a subsidiary, represent currency exposure on net financial assets | (110,163) | (110,163) |
| 2018 | | |
| <u>Financial Liabilities</u> | | |
| Amount due to a subsidiary, represent currency exposure on net financial assets | (7,777) | (7,777) |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Foreign Currency Risk (Cont'd)

Sensitivity analysis for foreign currency risk

The table below demonstrates the sensitivity to a reasonable change in key foreign currency rate with all variables held constant, of the Group's and of the Company's profit/(loss) net of tax ("PAT")/("LAT").

| | Increase/(Decrease) | |
|----------------------------|---------------------|----------|
| | 2019 | 2018 |
| | RM | RM |
| | LAT | LAT |
| Group | | |
| USD/SGD | | |
| – weakened 3% (2018: 3%) | 45,388 | 51,325 |
| – strengthen 3% (2018: 3%) | (45,388) | (51,325) |
| Company | | |
| SGD/RM | | |
| – weakened 2% (2018: 9%) | 1,674 | (532) |
| – strengthen 2% (2018: 9%) | (1,674) | 532 |

33. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

The following table analyses the financial instruments in the statements of financial position by classes of financial instruments to which they are assigned:

From 1 April 2018:

- (i) Amortised cost ("AC")

On or before 31 March 2018:

- (i) Loans and receivables ("L&R")
(ii) Available-for-sale financial assets ("AFS")
(iii) Other financial liabilities ("FL")

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Classification of Financial Instruments (Cont'd)

| | AC RM | Total RM |
|----------------------------------|------------|-------------|
| Group 2019 | | |
| Financial assets | | |
| Trade receivables | 2,621,549 | 2,621,549 |
| Other receivables and deposits * | 238,207 | 238,207 |
| Deposits with licensed bank | 132,878 | 132,878 |
| Cash and bank balances | 1,330,945 | 1,330,945 |
| | 4,323,579 | 4,323,579 |
| Financial Liabilities | | |
| Trade payables | 443,692 | 443,692 |
| Other payables and accruals | 8,552,321 | 8,552,321 |
| Borrowings | 42,573,154 | 42,573,154 |
| | 51,569,167 | 51,569,167 |

| | L&R RM | AFS RM | FL RM | Total RM |
|-------------------------------------|-----------|-----------|----------|-------------|
| Group 2018 | | | | |
| Financial Assets | | | | |
| Other investment | - | 2 | - | 2 |
| Trade receivables | 2,647,384 | - | - | 2,647,384 |
| Other receivables and deposits * | 387,813 | - | - | 387,813 |
| Deposits with licensed bank | 130,585 | - | - | 130,585 |
| Cash and bank balances | 1,727,276 | - | - | 1,727,276 |
| | 4,893,058 | 2 | - | 4,893,060 |

* Excluding prepayments and GST refundable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Classification of Financial Instruments (Cont'd)

| | L&R RM | AFS RM | FL RM | Total RM |
|----------------------------------|-----------|-----------|------------|-------------|
| Group 2018 | | | | |
| Financial Liabilities | | | | |
| Trade payables | - | - | 1,122,707 | 1,122,707 |
| Amount due to holding company | - | - | 271,871 | 271,871 |
| Other payables and accruals | - | - | 6,624,263 | 6,624,263 |
| Borrowings | - | - | 44,074,454 | 44,074,454 |
| | - | - | 52,093,295 | 52,093,295 |

| | AC RM | Total RM |
|----------------------------------|------------|-------------|
| Company 2019 | | |
| Financial assets | | |
| Trade receivables | 414,829 | 414,829 |
| Other receivables and deposits * | 160,508 | 160,508 |
| Deposits with licensed bank | 132,878 | 132,878 |
| Cash and bank balances | 319,337 | 319,337 |
| | 1,027,552 | 1,027,552 |
| Financial Liabilities | | |
| Trade payables | 134,497 | 134,497 |
| Amount due to subsidiary | 110,163 | 110,163 |
| Other payables and accruals | 6,984,339 | 6,984,339 |
| Borrowings | 41,015,259 | 41,015,259 |
| | 48,244,258 | 48,134,095 |

* Excluding prepayments and GST refundable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Classification of Financial Instruments (Cont'd)

| | L&R RM | AFS RM | FL RM | Total RM |
|-------------------------------------|-----------|-----------|------------|-------------|
| Company | | | | |
| 2018 | | | | |
| Financial Assets | | | | |
| Other investment | - | 2 | - | 2 |
| Trade receivables | 61,933 | - | - | 61,933 |
| Other receivables and deposits * | 181,586 | - | - | 181,586 |
| Deposits with licensed bank | 130,585 | - | - | 130,585 |
| Cash and bank balances | 633,867 | - | - | 633,867 |
| | 1,007,971 | 2 | - | 1,007,973 |
| Financial Liabilities | | | | |
| Trade payables | - | - | 72,446 | 72,446 |
| Amount due to subsidiaries | - | - | 7,777 | 7,777 |
| Amount due to holding company | - | - | 271,871 | 271,871 |
| Other payables and accruals | - | - | 4,764,422 | 4,764,422 |
| Borrowings | - | - | 41,033,602 | 41,033,602 |
| | - | - | 46,150,118 | 46,150,118 |

* Excluding prepayments and GST refundable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and Cash Equivalents, Trade and Other Receivables and Payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

(b) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long-term floating rate loan approximates fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease liabilities is estimated using discounted cash flow analysis based on current lending rate of similar types of lease arrangements.

The carrying amounts and fair value of financial instruments, other than those with carrying amounts which are reasonable approximation of fair value are as follows:

| | Group | | Company | |
|------------------------------|-----------------------|------------------|-----------------------|------------------|
| | Carrying amount RM | Fair value RM | Carrying amount RM | Fair value RM |
| 2018 | | | | |
| Financial liabilities | | | | |
| Finance lease liabilities | 17,779 | 17,001 | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. FAIR VALUE HIERARCHY

The following table provides the fair value measurement of the Group's assets and liabilities as at 31 March:

Assets Measured at Fair Value

Group/Company

| | 2019 RM | Fair value measurement using | | |
|---------------------------------|-------------|------------------------------|---------------|---------------|
| | | Level 1 RM | Level 2 RM | Level 3 RM |
| Investment property (Note 6) | 143,198,106 | - | - | 143,198,106 |
| | 2018 RM | Level 1 RM | Level 2 RM | Level 3 RM |
| Investment property (Note 6) | 143,198,106 | - | - | 143,198,106 |

Liabilities Measured at Fair Value

Group

| | 2018 RM | Fair value measurement using | | |
|---------------------------|------------|------------------------------|---------------|---------------|
| | | Level 1 RM | Level 2 RM | Level 3 RM |
| Finance lease liabilities | 17,001 | - | 17,001 | - |

In the current financial year, a valuation was performed in March 2019 and the directors have exercised judgement that there is no significant change in value at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. FAIR VALUE HIERARCHY (Cont'd)

Description of valuation technique used and key unobservable inputs to valuation on investment property measured at Level 3 is as follows:

| Valuation technique | Significant unobservable inputs | Relationship of unobservable inputs and fair value |
|---------------------|---|---|
| 2019 | | |
| Comparison method | Estimated price per square foot of RM610 | The higher the estimated price per square foot, the higher the fair value |
| 2018 | | |
| Income method | Estimated rental value per square feet per month of RM3.60 - RM7.01 | The higher the estimated rental, the higher the fair value |
| | Estimated outgoings per square feet per month of RM0.70 | The higher the estimated outgoings, the lower the fair value |
| | Estimated market yield rate of 6.25% | The higher the estimated market yield rate, the lower the fair value |

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.

During the financial year ended 31 March 2019 and 31 March 2018, there was no transfer between the fair value measurement hierarchy.

36. CAPITAL COMMITMENT

| | Group/Company | |
|--|---------------|------------|
| | 2019 RM | 2018 RM |
| Capital expenditures approved and contracted for: – investment property | 1,605,169 | 1,756,438 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2019 and 31 March 2018.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total net debts divided by total equity. Net debts is calculated as total debts (loans and borrowings) less cash and bank balances. Total equity is calculated as share capital plus reserves and non-controlling interests. The Group's and the Company's gearing ratios as at the reporting date are as follows:

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Borrowings | 42,573,154 | 44,074,454 | 41,015,259 | 41,033,602 |
| Less: Deposits, cash and bank balances | (1,463,823) | (1,857,861) | (452,215) | (764,452) |
| Net debts | 41,109,331 | 42,216,593 | 40,563,044 | 40,269,150 |
| Total equity | 121,349,215 | 121,779,765 | 134,453,783 | 119,417,020 |
| Gearing ratio | 0.34 | 0.35 | 0.30 | 0.34 |

STATEMENT BY DIRECTORS

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

We, **MOHANADASS KANAGASABAI** and **USHA NATHAN**, being two of the directors of TURIYA BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 51 to 166 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 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:

MOHANADASS KANAGASABAI

Director

USHA NATHAN

Director

Date: 29 July 2019

STATUTORY DECLARATION

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

I, **SANI AZMAN BIN MD HANAFIAH**, being the officer primarily responsible for the financial management of TURIYA BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 51 to 166 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.

SANI AZMAN BIN MD HANAFIAH

MIA MEMBERSHIP NO.: 22376

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 July 2019.

Before me,

MOHD IBRAHIM BIN YAAKOB (W641)

Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of Turiya Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of 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 51 to 166.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

- (a) As stated in Note 15(a) to the financial statements, the Group continued to classify its other investment as non-current asset classified as held for sale. We were unable to obtain sufficient and appropriate audit evidence that the sale is highly probable in accordance with *MFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations* in order for the Group to continue to classify the said investment as non-current asset held for sale.
- (b) As stated in Note 15(b) to the financial statements, the Group has assessed and is of the opinion that there is no impairment loss on the non-current assets classified as held for sale. We were unable to obtain sufficient and appropriate audit evidence that the recoverable amount is higher than the carrying amount of the asset. We are unable to quantify the financial impact, if any, had an impairment loss been recognised.

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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia) (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 financial 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. In addition to the matters described in the *Basis for Qualified Opinion* section of our report, we have determined the matters described below to be the key audit matters.

Ability to Meet Short Term Obligations (Notes 32(c) to the Financial Statements)

As at 31 March 2019, the Group's and the Company's current liabilities exceeded their current assets (excluding non-current assets classified as held for sale) by RM6.507 million and RM8.526 million respectively.

The directors are of the view that the Group will be able to generate sufficient cash inflows within the next twelve months to meet its working capital requirements. The directors are also confident of securing a new anchor tenant for its investment property in the coming financial year.

We focused on this area as the preparation of the cash flow forecast involves judgement and estimates.

Our response:

Our audit procedures included, among others:

- reviewing the cash flow forecast over the next 12 months;
- comparing the actual results with previous cash flow forecast to assess the performance of the business and reliability of the forecast;
- reviewing the Group's assumptions in the cash flow forecast in relation to key inputs such as sources of funding available and expected payment obligation;
- testing the mathematical accuracy of the cash flow forecast calculation; and
- performing stress tests for a range of reasonable possible scenarios;

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia) (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Investment Property (Notes 4(a) and 6 to the Financial Statements)

As at 31 March 2019, the investment property of the Group and the Company amounts to RM143.198 million. The Group's investment property is measured at fair value. The Group determined the fair value of the investment property based on the market valuation performed by an external independent valuer. We focused on this area because the determination of fair value by the Group requires judgement in determining the valuation methods and its related key assumptions.

Our response:

Our audit procedures included, among others:

- considering the competency, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- reading the valuation report of the property and discussing with the external valuers on their valuation methodology and the judgements made; and
- understanding the valuation methodology used and its related key assumptions.

Goodwill (Notes 4(c) and 9 to the Financial Statements)

As at 31 March 2019, the Group has goodwill of RM4.146 million arising from the acquisition of a subsidiary. The goodwill is tested for impairment annually. We focused on this area because this assessment requires the exercise of judgement by the Group on the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia) (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**Key Audit Matters (Cont'd)****Investment in a Subsidiary (Note 4(b) and 7(b) to the Financial Statements)**

As at 31 March 2019, the carrying value of the investment in subsidiaries of the Company amounts to RM23.282 million.

We focused on this area because the determination of indication of impairment and assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiary was determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Company's assumptions to externally derived data as well as our assessments in relation to key assumptions;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia) (Cont'd)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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 have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia) (Cont'd)

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 Turiya Berhad (Incorporated in Malaysia) (Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

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 contents of this report.

BAKER TILLY MONTEIRO HENG PLT

LLP 0019411-LCA & AF 0117

Chartered Accountants

ANDREW CHOONG TUCK KUAN

03264/04/2021 J

Chartered Accountant

Kuala Lumpur

Date: 29 July 2019

LIST OF PROPERTIES

AS AT 31 MARCH 2019

| Address | Description of Property | Existing Use | Tenure | Land Area (sq. ft.) | Approx. Age of buildings (Years) | Net Carrying Amount (RM) | Date of Valuation/ Acquisition |
|---|------------------------------|--------------------|---|---------------------|----------------------------------|--------------------------|----------------------------------|
| Turiya Berhad Wisma Chase Perdana Changkat Semantan Damansara Heights 50490 Kuala Lumpur | Freehold and office building | Office | Freehold 100 years | 241,803 | 34 | 147,305,323 | 13 May 2019 (Valuation) |
| Pyramid Manufacturing Industries Pte. Ltd. 87 Tuas Avenue 1 Singapore 639519 | Leasehold land and buildings | Office and Factory | Leasehold (30 + 30 yrs lease expiring 2042) | 24,994 | 37 | 4,027,183 | 16 October 1982 (Acquisition) |
| TOTAL | | | | | | 151,332,506 | |

LOCATION OF OPERATIONS

FACTORY/PLANT

PYRAMID MANUFACTURING INDUSTRIES PTE. LTD.

- **SINGAPORE**
No. 87, Tuas Avenue 1
Singapore 639519.
Tel : 65-6862 1900
Fax: 65-6861 5418/
6863 1733

BRANCHES/SALES OFFICES

ICONIC GLOBAL LIMITED

- **SINGAPORE**
No. 87, Tuas Avenue 1
Singapore 639519.
Tel : 65-6862 1900
Fax: 65-6861 5418/
65-6863 1733

PYRAMID MANUFACTURING INDUSTRIES PTE. LTD.

- **SINGAPORE**
No. 87, Tuas Avenue 1
Singapore 639519.
Tel : 65-6862 1900
Fax: 65-6861 5418/
65-6863 1733

ANALYSIS OF SHAREHOLDINGS (ORDINARY SHARES)

AS AT 28 JUNE 2019

SHARE CAPITAL FOR ORDINARY SHARES

| | | |
|----------------------------------|---|---|
| Issued and Paid-Up Share Capital | : | RM228,728,426.00 |
| Class of Securities | : | Ordinary Shares |
| Voting Rights | : | On a poll, one vote per ordinary share held |

DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

| Size of Holdings | No. of Shareholders | (%) | Total Shareholdings | (%) |
|-------------------------|---------------------|---------------|---------------------|---------------|
| Less than 100 | 90 | 2.31 | 2,507 | 0.00 |
| 100 – 1,000 | 1,422 | 36.52 | 1,254,218 | 0.55 |
| 1,001 – 10,000 | 1,898 | 48.74 | 7,625,552 | 3.33 |
| 10,001 – 100,000 | 414 | 10.63 | 12,765,599 | 5.58 |
| 100,001 – 11,436,420 * | 68 | 1.75 | 58,429,053 | 25.55 |
| 11,436,421 and above ** | 2 | 0.05 | 148,651,497 | 64.99 |
| Total | 3,894 | 100.00 | 228,728,426 | 100.00 |

* Less than 5% of issued ordinary shares

** 5% and above of issued ordinary shares

THIRTY LARGEST ORDINARY SHAREHOLDERS

(As per Record of Depositors)

| Name of Shareholders/Depositors | No. of Shares Held | % of Issued Shares |
|--|--------------------|--------------------|
| 1. *Maybank Nominees (Asing) Sdn Bhd <i>Ithmaar Bank B.S.C.</i> | 116,651,497 | 51.00 |
| 2. *Maybank Nominees (Asing) Sdn Bhd <i>Ithmaar Bank for Empire Holdings Limited (988122)</i> | 32,000,000 | 13.99 |
| 3. Sekarajasekaran A/L Arasaratnam | 10,407,300 | 4.55 |
| 4. Rabindra A/L Harichandra | 9,027,900 | 3.95 |
| 5. Chelliah Holdings Sdn Bhd | 6,000,000 | 2.62 |
| 6. Chief Minister, State of Sabah | 6,000,000 | 2.62 |
| 7. Public Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Chelliah Holdings Sdn Bhd (SRB/PDN/PMS)]</i> | 4,912,600 | 2.15 |
| 8. Empire Holdings Limited | 3,833,590 | 1.68 |
| 9. Public Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Cheng Lin Chin (E-BPT)]</i> | 1,247,000 | 0.55 |
| 10. Subramaniam Pillai A/L Sankaran Pillai | 1,095,000 | 0.48 |

ANALYSIS OF SHAREHOLDINGS (ORDINARY SHARES) (CONT'D) AS AT 28 JUNE 2019

THIRTY LARGEST ORDINARY SHAREHOLDERS (Cont'd)

(As per Record of Depositors)

| Name of Shareholders/Depositors | No. of Shares Held | % of Issued Shares |
|--|-----------------------|-----------------------|
| 11. Citigroup Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Vijaya Alphonsus Rajadurai (471247)]</i> | 1,053,800 | 0.46 |
| 12. Kenanga Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Teh Siew Wah (021)]</i> | 1,030,000 | 0.45 |
| 13. JS Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Ng Geok Wah (B Brklang-CL)]</i> | 1,000,000 | 0.44 |
| 14. Yeoh Kean Choong | 871,600 | 0.38 |
| 15. PM Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Khoo Yee Tat (B)]</i> | 592,300 | 0.26 |
| 16. JS Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Khor Hoi Peng (Penang-CL)]</i> | 560,000 | 0.24 |
| 17. Arasalingam A/L Sangarapillai | 450,000 | 0.20 |
| 18. Lim Swee Ing | 424,000 | 0.19 |
| 19. Mohamed Idris Mohamed Aslam | 400,000 | 0.17 |
| 20. Ang Chun Bock | 399,000 | 0.17 |
| 21. Ooi Say Hup | 359,000 | 0.16 |
| 22. JS Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Ng Lim Diing (Penang-CL)]</i> | 352,400 | 0.15 |
| 23. Khor Hoe Guan | 335,000 | 0.15 |
| 24. Ooi Say Hup | 332,500 | 0.15 |
| 25. Maybank Securities Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Sekarajasekaran A/L Arasaratnam (Margin)]</i> | 321,000 | 0.14 |
| 26. Maybank Nominees (Tempatan) Sdn Bhd <i>[Chua Eng Ho Wa'a @ Chua Eng Wah]</i> | 320,000 | 0.14 |
| 27. Pang Kok Eng | 280,000 | 0.12 |
| 28. Maybank Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Sekarajasekaran A/L Arasaratnam]</i> | 271,700 | 0.12 |
| 29. Siah Gim Eng | 270,000 | 0.12 |
| 30. Wong Yuen Choong | 243,000 | 0.11 |
| Total | 201,040,187 | 87.91 |

* Maybank Nominees (Asing) Sdn. Bhd. – Ithmaar Bank B.S.C. holds 116,651,497 Turiya Berhad's shares on behalf of Empire Holdings Ltd as a chargee.

ANALYSIS OF SHAREHOLDINGS (ORDINARY SHARES) (CONT'D)

AS AT 28 JUNE 2019

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As per Register of Substantial Shareholders and Excluding Bare Trustee)

| Name of Substantial Ordinary Shareholders | No. of Shares Direct Interest | % | No. of Shares Indirect Interest | % |
|---|-------------------------------|-------|---------------------------------|-------|
| 1. Ithmaar Bank of B.S.C. | * 116,651,497 ^(a) | 51.00 | - | - |
| 2. Empire Holdings Ltd ("EHL") | * 152,485,087 ^(b) | 66.67 | - | - |
| 3. Tan Sri Datuk Dr. Mohan Swami, J.P. ("TSDDMS") | - | - | * 152,485,087 ^(c) | 66.67 |
| 4. Rabindra A/L Harichandra ("RH") | 9,027,900 | 3.95 | 10,912,600 ^(d) | 4.77 |

DIRECTORS' INTERESTS IN ORDINARY SHARES

(As per Register of Directors' Shareholdings)

| Name of Directors | No. of Shares Direct Interest | % | No. of Shares Indirect Interest | % |
|------------------------------------|-------------------------------|------|---------------------------------|---|
| 1. Mr. Mohanadass Kanagasabai | - | - | - | - |
| 2. Ms. Usha Nathan | - | - | - | - |
| 3. Mr. Jayapalasingam Kandiah | 150,800 | 0.07 | - | - |
| 4. Mr. Abdulla Abdulaziz Ali Taleb | - | - | - | - |
| 5. En. Mohd Kamal Bin Mohd Zahari | - | - | - | - |

* Notes:

^(a) Direct Interest of Ithmaar Bank of B.S.C. (A nominee of Ithmaar Development Company Limited ("IDC") pursuant to the Shares Charge created by EHL in favour of IDC) is held as follows:

116,651,497 shares held through Maybank Nominees (Asing) Sdn. Bhd.

^(b) Direct Interest of EHL is held as follows:

35,833,590 shares held under EHL ; and 116,651,497 shares held through Maybank Nominees (Asing) Sdn. Bhd. for Ithmaar Bank of B.S.C. (Beneficiary: EHL)

^(c) Indirect Interest of TSDDMS is held as follows:

Deemed interests in 152,485,087 shares by virtue that EHL is wholly owned by TSDDMS.

^(d) Indirect Interest of RH is held as follows:

Deemed interests in 10,912,600 shares by virtue of RH's substantial shareholding in Chelliah Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS (IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES)

SHARE CAPITAL FOR IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”)

| | | |
|----------------------------------|---|---------------------|
| Authorized Capital | : | RM50,000,000.00 |
| Issued and Paid-Up Share Capital | : | Nil |
| Class of Securities | : | ICPS of RM1.00 each |
| Voting Rights | : | No voting rights |

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standard of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standard.

ADDITIONAL COMPLIANCE INFORMATION

The following is provided in compliance with the MMLR of BMSB:

- **Utilisation of Proceeds**

There were no proceeds raised from any corporate exercises during the financial year ended 31 March 2019.

- **Share Buyback**

There was no share buyback exercise undertaken by the Company during the financial year ended 31 March 2019.

- **Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued during the financial year ended 31 March 2019.

- **American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)**

The Company has not sponsored any ADR or GDR programme during the financial year ended 31 March 2019.

- **Sanction and/or Penalty Imposed**

There was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 March 2019.

- **Non-Audit Fees**

During the financial year ended 31 March 2019, there is RM13,088 non-audit fees paid to the external auditors.

- **Profit Guarantee**

The Company did not provide any profit guarantee during the financial year ended 31 March 2019.

COMPLIANCE STATEMENT (CONT'D)

- **Variation in Results**

The Audited Financial Statements of the Company for the financial year ended 31 March 2019 contained in this Annual Report do not have material variance compared with the Quarterly Results of the Group that was announced to BMSB on 31 May 2019.

- **Material Contracts Involving Directors and Substantial Shareholders**

The Company and its subsidiaries did not entered into any material contracts involving Directors and Substantial Shareholders during the financial year ended 31 March 2019.

- **Revaluation Policy on Landed Properties**

The Group has adopted a policy of sufficient regularity revaluation of its landed properties.

- **Recurrent Related Party Transactions**

The Group did not have any recurrent related party transactions of revenue or trading nature during the financial year under review, which exceeded the materiality threshold stipulated in Paragraph 10.09 (2)(b) of the MMLR of BMSB.

NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting (“AGM”) of the Company will be held at Dewan Perdana, Aras 1, Menara Suruhanjaya Koperasi Malaysia, Changkat Semantan Off Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 26 September 2019 at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon. | Please refer to Note B on this agenda |
| 2. To approve the payment of Directors’ fees and benefits payable amounting to RM287,851 for the financial year ended 31 March 2019. | Resolution 1 |
| 3. To approve the Directors’ fees and benefits payable up to an amount of RM491,400 for the period from 1 April 2019 until the next Annual General Meeting of the Company to be held in 2020 (18 months). | Resolution 2 |
| 4. To re-elect the following Directors, who are retiring as a Directors of the Company in accordance with Article 107 of the Company’s Articles of Association. | |
| 1) Mr. Jayapalasingam Kandiah | Resolution 3 |
| 2) Ms. Usha Nathan | Resolution 4 |
| 5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT, the retiring Auditors and to authorise the Board of Directors to fix their remuneration. | Resolution 5 |

SPECIAL BUSINESS:

To consider and, if thought fit, pass with or without modifications, the following Resolutions:

- | | |
|---|---------------------|
| 6. Authority for Directors to issue and allot shares in the Company pursuant to Section 76 of the Companies Act, 2016 | Resolution 6 |
|---|---------------------|

“**THAT** pursuant to Section 76 of the Companies Act, 2016 and subject to the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued capital of the Company for the time being **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Adoption of New Constitution of the Company ("Proposed Adoption of New Constitution")

**Special
Resolution**

"THAT the existing Company's Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Appendix A to Shareholders accompanying the Company's 2019 Annual Report be replaced thereof and adopted as the new Constitution of the Company with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and take such steps that may be necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full power to assent to any conditions, modifications, and/or amendments as may be required by any relevant authorities."

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.

By Order of the Board
TURIYA BERHAD

Wong Youn Kim
(MA/CSA 7018778)
Company Secretary

31 July 2019

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead and where a member appoints two proxies, the holder shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy or attorney need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. (i) Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account;
(ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A (1) of the SICDA;
(iii) Where a member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies; and
(iv) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

NOTICE OF THIRTY-NINTH ANNUAL GENERAL MEETING (CONT'D)

NOTES: (Cont'd)

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the appointed time of holding this meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 20 September 2019 shall be regarded as Members of the Company entitled to attend the 39th Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.

B. Audited Financial Statements for the Financial Year ended 31 March 2019

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required, Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Authority For Directors To Allot and Issue Shares

The proposed Resolution 6 under item 6 of the Agenda, if passed, from the date of the above Annual General Meeting, will empower the Directors of the Company, with the authority to allot and issue shares in the Company up to an amount not exceeding 10% of the issued capital of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate sought to grant authority to Directors to allot and issue of shares is a renewal of the mandate that was approved by the shareholders at the Thirty-Eighth Annual General Meeting held on 21 September 2018. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Thirty-Eighth Annual General Meeting as the need does not arise for any fund raising activity for the purpose of investment, acquisition or working capital.

Special Resolution – Proposed Adoption of New Constitution

The Special Resolution will align the Constitution of the Company with the relevant provisions of the Companies Act, 2016, the updated Main Market Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements, as well as to provide clarity and consistency. The proposed New Constitution is set out in the Appendix A accompanying the Annual Report.

This special resolution needs a majority of not less than seventy-five percent (75%) of such members who are entitled to vote either in person or by proxy.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are offering themselves for re-election at the Thirty-Ninth Annual General Meeting are as follows:

| | Name | Position | Age | Nationality |
|------|----------------------------|---|-----|-------------|
| (i) | Mr. Jayapalasingam Kandiah | Independent Non-Executive Director | 71 | Malaysian |
| (ii) | Ms. Usha Nathan | Non-Independent Non-Executive Director | 49 | Malaysian |

For details on the Directors who are standing for re-election, please refer to the Directors' Profile on pages 11 & 12 of this Annual Report.

2. **Place, date and hour of the Thirty-Ninth Annual General Meeting:**

Dewan Perdana, Aras 1, Menara Suruhanjaya Koperasi Malaysia, Changkat Semantan Off Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 26 September 2019 at 9.30 a.m.

3. **Attendance of Directors at Board Meetings**

There were Five (5) Board of Directors' meetings held during the financial year ended 31 March 2019. Details of attendance of Directors are as follows:

| | Name | Attendance |
|----|---------------------------------|------------|
| 1. | Ms. Usha Nathan | 5/5 |
| 2. | Mr. Jayapalasingam Kandiah | 5/5 |
| 3. | Mr. Abdulla Abdulaziz Ali Taleb | 5/5 |
| 4. | Mr. Mohanadass Kanagasabai | 3/5 |
| 5. | En. Mohd Kamal Bin Mohd Zahari | 5/5 |

4. **Details of securities holdings in the Company and its subsidiaries for the Directors seeking re-election (as at 28 June 2019).**

For details of the securities holdings of Mr. Jayapalasingam Kandiah in Turiya Berhad, please refer to page 179 of this Annual Report.

Ms. Usha Nathan do not hold any securities in the Company and its subsidiaries.

PROXY FORM

Number of Shares Held _____

CDS Account No. _____



I/We _____

of _____

being a member/members of **Turiya Berhad**, hereby appoint _____

_____ (NRIC No: _____)

of _____

and / or _____

(NRIC No: _____) of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Ninth Annual General Meeting of Turiya Berhad to be held at the Dewan Perdana, Aras 1, Menara Suruhanjaya Koperasi Malaysia, Changkat Semantan Off Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur on Thursday, 26 September 2019 at 9.30 a.m. and at any adjournment thereof.

You may indicate with an "X" or "✓" in the boxes provided below how you wish your votes to be cast.

| No. | RESOLUTIONS | FOR | AGAINST |
|----------------------------|--|-----|---------|
| Ordinary Resolution | | | |
| 1. | To approve the payment of the Directors' fees and benefits payable amounting to RM287,851 for the financial year ended 31 March 2019. | | |
| 2. | To approve the Directors' fees and benefits payable up to an amount of RM491,400 for the period from 1 April 2018 until the next Annual General Meeting of the Company to be held in 2020 (18 months). | | |
| 3. | To re-elect Mr. Jayapalasingam Kandiah who is retiring as a Director of the Company accordance with Article 107 of the Company's Article of Association. | | |
| 4. | To re-elect Ms. Usha Nathan who is retiring as a Director of the Company accordance with Article 107 of the Company's Article of Association. | | |
| 5. | To re-appoint Messrs. Baker Tilly Monteiro Heng PLT, the retiring Auditors and to authorise the Board of Directors to fix their remuneration. | | |
| 6. | To authorise the Directors to issue and allot shares in the Company pursuant to Section 76 of the Companies Act, 2016. | | |
| Special Resolution | | | |
| 7. | Proposed adoption of New Constitution. | | |

Please take note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

Signed this _____ day of _____ 2019

Signature of Member/Common Seal



TURIYA BERHAD
(55576-A)

Affix
Stamp

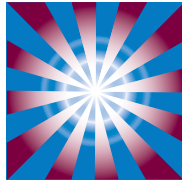
The Company Secretary
TURIYA BERHAD (55576-A)
Suite 7.3, 7th Floor, Wisma Chase Perdana,
Changkat Semantan, Damansara Heights,
50490 Kuala Lumpur, Malaysia.

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Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead and where a member appoints two proxies, the holder shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy or attorney need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. (i) Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account;
(ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A (1) of the SICDA;
(iii) Where a member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies; and
(iv) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the appointed time of holding this meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 20 September 2019 shall be regarded as Members of the Company entitled to attend the 39th Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.

Glue and seal along this line



TURIYA BERHAD
55576-A

TURIYA BERHAD (55576-A)

Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan
Damansara Heights, 50490 Kuala Lumpur, Malaysia
Tel: 03-2718 3800 Fax: 03-2094 0503 Website: www.turiya.com.my