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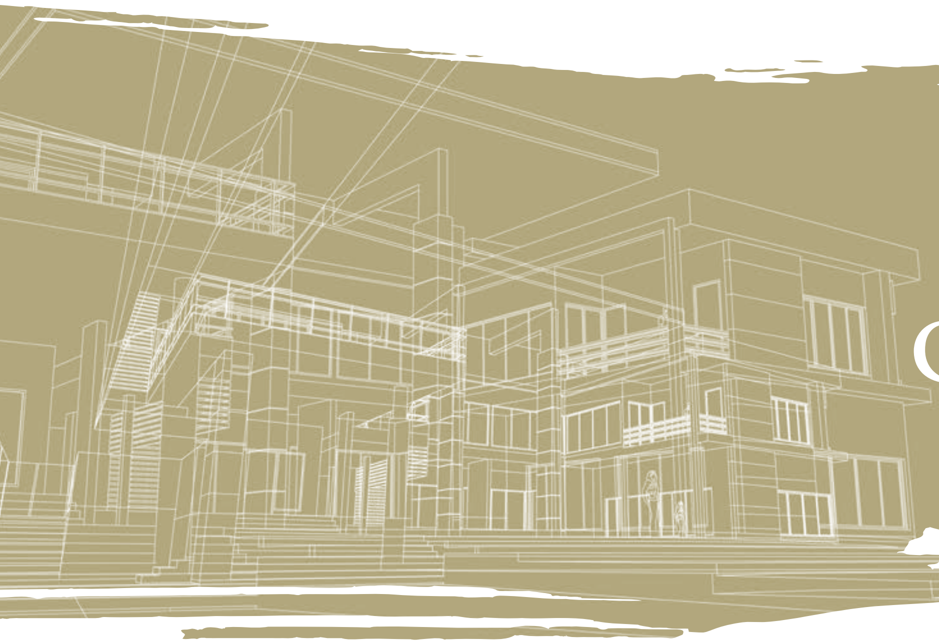
AMALGAMATED INDUSTRIAL STEEL BERHAD

COMPANY REGISTRATION NO. 9118-M

ANNUAL REPORT 2017



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Corporate Information

DIRECTORS

Dato' Ghazali Bin Mat Ariff
Chairman,
Independent Non-Executive Director

Datuk Sulaiman Bin Salleh
Senior Independent Non-Executive Director

Tuan Haji Fauzi Bin Mustapha
Independent Non-Executive Director

Dato' Ronnie Lim Yew Boon
Executive Director

Mr. Lim Chin Sean
Executive Director

Dr. Goh Swee Por
(Alternate Director to Mr. Lim Chin Sean)

KEY SENIOR MANAGEMENT

Mr. Chan Keen Wai
Chief Operating Officer

Mr. Choh Kim Chiew
Chief Financial Officer

Mr. Leong Hock Cheong
General Manager - Finance

AUDIT AND RISK MANAGEMENT COMMITTEE

(Merger of Audit Committee and Risk Management Committee effective from 1 January 2018)

Chairman
Datuk Sulaiman Bin Salleh

Members
Dato' Ghazali Bin Mat Ariff
Tuan Haji Fauzi Bin Mustapha

NOMINATION COMMITTEE

Chairman
Datuk Sulaiman Bin Salleh

Members
Tuan Haji Fauzi Bin Mustapha
Dato' Ghazali Bin Mat Ariff

REMUNERATION COMMITTEE

Chairman
Dato' Ghazali Bin Mat Ariff

Members
Datuk Sulaiman Bin Salleh
Tuan Haji Fauzi Bin Mustapha

COMPANY SECRETARIES

Chen Bee Ling (MAICSA 7046517)
Foo Ing Ing (LS0010047)

AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 603-2788 9999
Fax : 603-2788 9998

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

No. 24-7, Level 7, Jalan USJ 9/5T
Subang Business Centre
47620 Subang Jaya
Selangor Darul Ehsan
Tel : 603-8081 7041/42 (General)
603-8021 7041/42 (Sales)
Fax : 603-8081 7043 (General)
603-8081 7045 (Sales)
E-mail : general@aisberhad.com.my
Website : www.aisberhad.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7849 0777
Fax : 603-7841 8151 / 7841 8152

PRINCIPAL BANKERS

(In alphabetical order)
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 2682

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of the Company will be held at Level 3, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur on Wednesday, 27 June 2018 at 11.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS:-

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors' and Auditors' Reports thereon.	(Please refer to Explanatory Note to the Agenda)
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2017.	Ordinary Resolution 1
3.	To approve and ratify the payment of Directors' benefits (other than Directors' fees) up to an amount of RM269,973 for the period from 31 January 2017 until the next Annual General Meeting of the Company.	Ordinary Resolution 2
4.	To re-elect the following Directors who retire by rotation pursuant to Article 116 of the Company's Constitution:	
	4.1 Tuan Haji Fauzi Bin Mustapha	Ordinary Resolution 3
	4.2 Datuk Sulaiman Bin Salleh	Ordinary Resolution 4
5.	To re-appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5

SPECIAL BUSINESS:-

To consider and, if thought fit, pass with or without modifications, the following ordinary resolutions:

6. **Authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016** — Ordinary Resolution 6

   "**THAT** subject always to the Companies Act, 2016, the Company's Constitution and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being."

7. **Proposed New Shareholders' Mandate for the Company and/or subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** Ordinary Resolution 7

"**THAT** subject to the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with specified classes of related parties ("Recurrent Related Party Transactions") which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

To consider and, if thought fit, to pass the following ordinary resolutions pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"):

8. **Continuing in Office as Independent Non-Executive Directors**

8.1 "**THAT** subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Tuan Haji Fauzi Bin Mustapha who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." Ordinary Resolution 8

8.2 "**THAT** subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Datuk Sulaiman Bin Salleh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." Ordinary Resolution 9

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

CHEN BEE LING (MAICSA 7046517)
FOO ING ING (LS0010047)

Company Secretaries
Selangor Darul Ehsan
30 April 2018

Notes: -

1. In regard of deposited securities, only members whose names appear in the Record of Depositors as at 21 June 2018 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote at the Meeting on his behalf. The proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting 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 appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint at least one proxy in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy must be deposited at the Company's registered office at No. 24-7, Jalan USJ 9/5T, Subang Business Centre, 47620 Subang Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

Explanatory Notes to the Agenda:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Item 3 of the Agenda - Ordinary Resolution 2

Payment of Directors' benefits (other than Directors' fees)

In compliance with Section 230(1) of the Companies Act, 2016, the Company is seeking for shareholders' ratification and approval for payment of Directors' benefits (other than Directors' fees) up to an amount of RM269,973 for the period from 31 January 2017 until the conclusion of the next AGM of the Company as follows:

	RM
Directors' benefits in kind and meeting allowances for the period from 31 January 2017 up to 27 June 2018	164,504
Directors' benefits in kind and meeting allowances for the period from 28 June 2018 up to next AGM	105,469
Total	269,973

The calculation is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that all the Directors will remain in office until the next AGM.

Item 6 of the Agenda - Ordinary Resolution 6

Authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

This resolution is a renewal of the existing general mandate which will expire at the forthcoming Forty-Seventh Annual General Meeting and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

This resolution is in line with the Company's plans for expansion/diversification. The Company is actively looking into prospective areas to broaden the operating base and earnings potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is considered appropriate that the Directors be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purpose.

Share capital of the Group increased by another RM6.38 million with the placement of another 12,507,767 shares at an issue price of RM0.51 each in June 2017. The proceeds were fully utilised in the refurbishment of the factory building in Jalan Playar.

Item 7 of the Agenda - Ordinary Resolution 7

Proposed New Shareholders' Mandate for the Company and/or subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

This resolution if passed, will allow the Group to enter into Recurrent Related Party Transactions pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 30 April 2018 for further information.

Item 8.1 of the Agenda - Ordinary Resolution 8

Continuing in office as Independent Non-Executive Director - Tuan Haji Fauzi Bin Mustapha

The Nomination Committee has assessed the independence of Tuan Haji Fauzi Bin Mustapha, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and arising therefrom, the Board recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:-

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
b) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgment in the best interest of the Company;
c) He has ensured that there is effective check and balance in proceedings of the Board and Board Committees and have actively participated in Board's deliberations, provided objective and independent opinion to the Board; and
d) He has developed sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and exercised due care in the interest of the Company and shareholders.

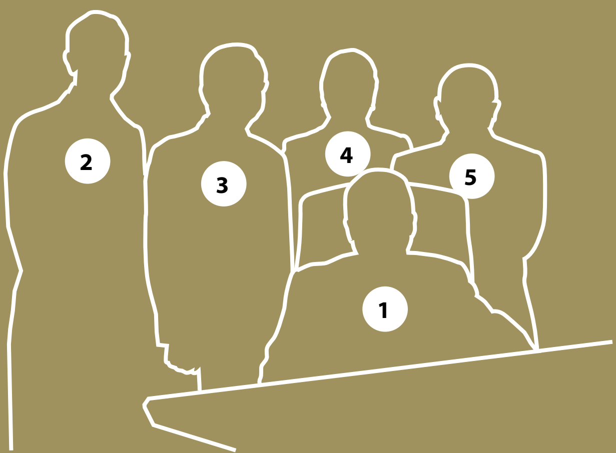
Item 8.2 of the Agenda - Ordinary Resolution 9

Continuing in office as Independent Non-Executive Director - Datuk Sulaiman Bin Salleh

The Nomination Committee has assessed the independence of Datuk Sulaiman Bin Salleh, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and arising therefrom, the Board recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:-

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
b) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgment in the best interest of the Company;
c) He has ensured that there is effective check and balance in proceedings of the Board and Board Committees and have actively participated in Board's deliberations, provided objective and independent opinion to the Board; and
d) He has developed sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and exercised due care in the interest of the Company and shareholders.

Board Of Directors



1 **Dato' Ghazali Bin Mat Ariff**
Chairman, Independent Non-Executive Director

2 **Mr. Lim Chin Sean**
Executive Director

3 **Dato' Ronnie Lim Yew Boon**
Executive Director

4 **Datuk Sulaiman Bin Salleh**
Senior Independent Non-Executive Director

5 **Tuan Haji Fauzi Bin Mustapha**
Independent Non-Executive Director

6 **Dr. Goh Swee Por** (Not in the picture)
(Alternate Director to Mr. Lim Chin Sean)

Profile Of Directors

DATO' GHAZALI BIN MAT ARIFF
Chairman, Independent Non-Executive Director

Dato' Ghazali Bin Mat Ariff, a Malaysian, male, aged 76, is an Independent Non-Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board on 9 December 2003 and assumed the position as Chairman of the Company on 26 September 2007. He also serves as Chairman to the Remuneration Committee and is a member of the Audit Committee (now known as Audit and Risk Management Committee) and Nomination Committee.

Dato' Ghazali is an Advocate and Solicitor. He qualified as a Barrister-at Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court of Malaya on 27 September 1979. He set up a legal firm under the name of Messrs. Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm.

From 1979 to 1980 he worked as a legal assistant at Messrs. Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. Prior to that, he was a college trained teacher at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanal Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Amalgamated Industrial Steel Berhad, Dato' Ghazali sits on the Board of Advanced Packaging Technology (M) Berhad. He also sits on the Board of several private limited companies.

Dato' Ghazali was the vice president of Jemaah Dato'- Dato' Perlis. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002. He is currently the Honorary Life President of The Malay College Old Boys Association.

Dato' Ghazali attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

DATUK SULAIMAN BIN SALLEH
Senior Independent Non-Executive Director

Datuk Sulaiman Bin Salleh, a Malaysian, male, aged 73, joined the Board of Amalgamated Industrial Steel Berhad in November 1993 as a Non-Independent Non-Executive Director representing Permadalan Nasional Berhad ("PNB"). Following his retirement from the PNB Group and upon his declaration as such, he was re-designated as an Independent Non-Executive Director of the Company. Currently, he is the Senior Independent Non-Executive Director of the Company. He served as Chairman of the Audit Committee (now known as Audit and Risk Management Committee) since March 1996. He also serves as Chairman of the Nomination Committee and is a member of the Remuneration Committee.

He qualified as an Accountant with the Association of Chartered Certified Accountants (United Kingdom) and is a member of the Malaysian Institute of Accountants. Datuk Sulaiman has over 50 years of working experience, which include an early career with Inland Revenue Department and later with KL Glass Manufacturer Berhad and lastly, he joined the financial services sector. His careers include that in life and general insurance, family and general takaful, offshore insurances, asset management and unit trust management. In 1996, Datuk Sulaiman was appointed as Chief Executive Officer of Malaysian National Insurance Berhad and Managing Director of MNI Holdings Berhad.

Datuk Sulaiman currently acts as Chairman of Etiqa Offshore Insurance Ltd and Etiqa Life International Ltd. He is also a Director of PTB Unit Trust Berhad.

Datuk Sulaiman attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

Profile Of Directors
(Cont'd)

TUAN HAJI FAUZI BIN MUSTAPHA
Independent Non-Executive Director

Tuan Haji Fauzi Bin Mustapha, a Malaysian, male, aged 73 years, joined the Board of Amalgamated Industrial Steel Berhad in November 1993 as a Non-Independent Non-Executive Director representing Permodalan Nasional Berhad ("PNB"). Following his retirement from the PNB Group and upon his declaration as such, he was re-designated as an Independent Non-Executive Director of the Company. He serves as a member of the Audit Committee (now known as Audit and Risk Management Committee) since January 2000 and also serves as a member in the Nomination Committee and the Remuneration Committee. He serves as Chairman to the Risk Management Committee since November 2007. He ceased to be the Chairman to the Risk Management Committee following the merger of the Audit and Risk Management Committee on 1 January 2018.

In the PNB Group, Tuan Haji Fauzi, who holds a Diploma in Marketing, the Chartered Institute of Marketing, UK, and a Bachelor of Arts (Honours) Degree from University Malaya, served for almost 19 years with Amanah Saham Nasional Berhad ("ASNB"), and the last position he held was as Head of Department of the Services and Quality Assurance Management Department. From January 2000 until March 2002, he held the position of Director of Human Resources in HeiTech Padu Berhad ("HPB"). He was, thereafter, designated as a Consultant to initiate HPB's quality improvements until December 2002.

Tuan Haji Fauzi attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

DATO' RONNIE LIM YEW BOON
Executive Director

Dato' Ronnie Lim Yew Boon, a Malaysian, male, aged 59, is an Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board on 9 December 2003. He had served as a member of the Audit Committee from 16 December 2003 till 22 November 2007. He was a member of the Risk Management Committee up to the merger of the Audit Committee and Risk Management Committee on 1 January 2018.

Apart from Amalgamated Industrial Steel Berhad, Dato' Ronnie Lim also sits on the Board of Taliworks Corporation Berhad and several private limited companies, namely Grand Saga Sdn Bhd, SWM Environment Sdn Bhd and a few others.

Prior to his appointment to the Board of Amalgamated Industrial Steel Berhad, Dato' Ronnie Lim served as the Group Chief Operating Officer in LGB Group of Companies. He holds a Diploma in Civil Engineering and started his career in the field of construction with consultant engineers. With over thirty years of varied corporate and management experience, he has wide in-depth exposure in various key industries covering construction, manufacturing, property development and public utilities.

Dato' Ronnie Lim is a cousin of Mr. Lim Chin Sean, who is an Executive Director and a substantial shareholder of the Company.

Dato' Ronnie Lim attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

Profile Of Directors
(Cont'd)

MR. LIM CHIN SEAN
Executive Director

Mr. Lim Chin Sean, a Malaysian, male, aged 36, is an Executive Director of Amalgamated Industrial Steel Berhad. Prior to his appointment to the Board as a Non-Independent Non- Executive Director on 26 September 2007, he was an alternate director to Dato' Ghazali Bin Mat Ariff since 23 November 2005. He was then re-designated from Non-Independent Non-Executive Director to Executive Director on 23 November 2016.

Mr. Lim Chin Sean holds a Bachelor of Computer System Engineering Degree (Honours) from University of Kent, United Kingdom.

He joined the LGB Group of Companies since September 2003 and is currently involved in property development, construction projects, manufacturing and IT advisory services. He also sits on the board of Taliworks Corporation Berhad and several private limited companies.

Mr. Lim Chin Sean is a cousin of Dato' Ronnie Lim, who is an Executive Director of the Company.

Mr. Lim Chin Sean is a substantial shareholder of the Company by virtue of his substantial shareholdings in Telaxis Sdn Bhd, which is a substantial shareholder of the Company.

Mr. Lim Chin Sean attended all seven (7) Board meetings held during the financial year ended 31 December 2017.

DR. GOH SWEE POR
(Alternate Director to Mr. Lim Chin Sean)

Dr. Goh Swee Por, a Malaysian, male, aged 43, was appointed as Alternate Director to Mr. Lim Chin Sean on 26 August 2015.

Dr. Goh holds a First Class Honours Degree in Mechatronic Engineering and a PhD in Advance Control Engineering from the University of Leeds, U.K.

Dr. Goh started his career in 1996 as an Equipment Engineer at Knowles Electronics, Senior Engineer at Agilent Technologies (Semiconductor Product Group) and was eventually promoted to Senior Engineering Manager at Vista Point Technologies (an ODM subsidiary of Flextronics). Specialising in new technology and product Research & Development ("R&D"), system design, product testing, process automation, lean manufacturing, yield improvement, cost reduction, operations management, project management and business support, he was awarded Young Engineer Award in 2006 besides authoring several technical publications and providing consulting services.

He had also worked with Smartrac Technology Ltd. as a Senior Engineering Manager and was eventually promoted to Deputy Head of Operations, managing operations of radio- frequency identification product manufacturing. Prior to joining LGB Group, he was a Personal Assistant to Chairman cum Head of Operations for 3 subsidiaries within Tan Chong Motor Holdings with full accountability in Profits & Loss, business development, purchasing, R&D, manufacturing, assembly, finance, human resource, administration, audit control and customer service. He has experiences working in Malaysia, China and Thailand besides managing staff of various nationalities.

Save as disclosed, none of the Directors has family relationship with any director and/or major shareholder of the Company.

None of the Directors of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Directors have no convictions for offences within the past five (5) years other than traffic offences, if any.

Key Senior Management Profile

CHAN KEEN WAI
(Chief Operating Officer)

Mr. Chan Keen Wai, a Malaysian aged 49, was appointed as Chief Operating Officer of Amalgamated Industrial Steel Berhad in June 2017. He holds a Master of Real Estate (with Distinction) from the University of Malaya, a Master of Business Administration (MBA) from the Southern Cross University, Australia and a bachelor's degree in Construction Management & Economics from the Curtin University of Technology, Australia. He is also a member of the Royal Institution of Chartered Surveyors (MRICS), U.K and the Royal Institution of Surveyors, Malaysia (MRISM).

Mr. Chan, a Chartered Surveyor by profession has more than 25 years of experience in the built environment spanning across real estate development, contract management and built asset management. His wealth of experiences includes management of property development processes encompassing both upstream and downstream activities of the business; project financial and contract management aiming at minimising project exposure to financial and contractual risks; and management of commercial and residential properties with the overall objective of enhancing/preserving the value of properties to investors and end-users. The companies that he had previously served include TA Global Bhd, IJM Land Bhd and WCT Land Sdn Bhd.

CHOH KIM CHIEW
(Chief Financial Officer)

Mr. Choh Kim Chiew, a Malaysian aged 42, was appointed as Chief Financial Officer of Amalgamated Industrial Steel Berhad in November 2017.

Mr. Choh, is a Chartered Accountant by profession, a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants (FCCA) of UK.

Mr. Choh began his career with Renaissance Kuala Lumpur International Hotel in 1996, he has held various positions in finance, sales and marketing and front office within the hotel before moving on to group finance reporting in a diversified public listed company in 2002. Armed with more than 20 years of financial reporting and compliances, corporate finance, financial restructuring and general management experiences in variety of industries including hospitality, golf club, property development, trading and leasing of construction materials & equipment, construction and property investment companies.

Prior to joining the Company, he was the Group Financial Controller of Magna Prima Berhad in 2010 where he was later appointed as the Executive Director of Magna Prima Berhad in April 2012 to June 2014 before moving on to JYC Development Sdn Bhd as the Chief Financial Officer.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

LEONG HOCK CHEONG
(General Manager - Finance)

Mr. Leong Hock Cheong, a Malaysian aged 60, was appointed as General Manager (Finance) of Amalgamated Industrial Steel Berhad in January 2015. Prior to his appointment with AISB, Mr. Leong was the Group Financial Controller and Executive Director of NWP Holdings Berhad, a company in the logging industry and listed on the Main Board of Bursa Malaysia.

Mr. Leong holds a Master Degree in Business Administration from the University of Strathclyde, Scotland. Besides, he is also a Fellow of the Association of Chartered Certified Accountants (UK).

With over 35 years of working experience, he has garnered a cornucopia diversity of knowledge and experience from various industries predominantly in the manufacturing sector, such as toiletries and pharmaceuticals, fiber optics, steel, furniture, bedding, wearing apparels, printing, packaging, plastic injection and molding. He has also worked in the logging, agricultural, construction, property development, and high technology and precision engineering (Micro-tunneling) sector.

As a full fledge financial and management accountant with experience in a myriads of listed companies on the main board, second board and ACE market, he is well versed with all aspects of Bursa Listing Requirements, mergers and acquisitions, corporate planning and corporate restructuring. Having left Pacific Dunlop Limited, Australia as its Accountant and National Credit Controller in 1995, he has since then held the position of Group Financial Controller in his later careers and has also sat on the board of various local multi-national companies as executive director and managing director.

Save as disclosed, none of the Key Senior Management has family relationship with any director and/or major shareholder of the Company.

None of the Key Senior Management of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Key Senior Management have no convictions for offences within the past five (5) years.

Management Discussion And Analysis

GROUP'S BUSINESS & OPERATIONS OVERVIEW

2017 saw the cessation of our steel manufacturing business after the disposal of its steel plant in Jalan Utas, Shah Alam, to Daikin Malaysia Sdn Bhd. It also saw the Group's foray into property investment and property development. With the completion of refurbishment of an existing factory building (Phase 1) in Jalan Playar, Shah Alam, in November 2017, we expect to have an annual rental income of RM1.94 million. Phase 2 is expected to take off in 2018 and it involves construction of purpose-built warehouse/factory for recurring income.

2017 also saw the acquisition of another subsidiary, "Parkwood Sdn Bhd" for RM709,435. Parkwood Sdn Bhd has 2 parcels of contiguous leasehold vacant residential land in Kampung Kayu Ara, Petaling Jaya with a carrying value of RM21,015,509. The acquisition allows the Group to secure a strategic landbank in the heart of Petaling Jaya for future development which is expected to contribute positively to the Group's future revenue and profitability.

Share capital of the Group increased by another RM6.38 million with the placement of another 12,507,767 shares at an issue price of RM0.51 each in June 2017. The proceeds were fully utilised in the refurbishment of the factory building in Jalan Playar.

FINANCIAL RESULTS

With the cessation of its steel manufacturing business, turnover fell from RM57.84 million in the preceding year to RM19.74 million for the financial year ended 31st December 2017. Despite the drop of RM38.10 million or 65.87% in turnover and the operating expenses of RM29.74 million, the profit from ordinary activities before tax for the year increased to RM5.93 million as compared to a profit of RM5.28 million in the preceding financial year. This is largely due to the other income from the disposal of property, plant and equipment amounting to RM11.70 million and interest income of RM1.07 million. Included in the operating expenses is an amount of RM2.64 million being retrenchment expenses and RM1.97 million in the provision of doubtful debts and write down and write off of inventories of consumables and equipment.

The revaluation of its investment property in Jalan Playar resulted in fair value gain of RM3.09 million. The reversal of accumulated deferred tax of RM3.36 million previously provided, resulted in an after tax of RM6.27 million as compared to RM4.63 million for the preceding year.

CORPORATE SOCIAL RESPONSIBILITY

The Group is totally committed to ensure the practice of Corporate Social Responsibility, and is pleased to state some of the processes which continue to be conducted during the year under review:-

a) Continuous application of operating processes approved under the Quality Management System to provide good quality products and services to valued customers at affordable prices. The Group was accredited with MS ISO9001:2008 since 5 June 1998 to achieve its key objective of maintaining its production processes to the best standards.

b) Provides clear and fair terms of employment for its employees. Has a fair remuneration policy.

c) The Group does not employ underage staff.

d) Continuous practice of a quality work environment through awareness campaigns. The Group committed to maintain a high standard of safety, clean and healthy working conditions at the work place at all times.

e) Continuous allocation of financial and training resources to enhance the long-term value of its human capital. Good training and development will equip the employees with skills and the capabilities to improve operational efficiency and productivity.

f) Encourages a harmonious working environment with zero tolerance to bullying or to any form of harassment linked to an individual's sex or other personal characteristics.

g) Proper disposal of scraps and sludge waste. The Group is committed to proper policies on waste disposal through approved agents. These initiatives enable us to prevent solid-waste disposal leaking to the environment, thus preserving a cleaner environment.

h) While the Group is accountable to investors, it takes into account the interest of all its stakeholders including our employees, our customers and our suppliers, as well as the community and the environment in which we operate.

Management Discussion And Analysis (Cont'd)

FUTURE OUTLOOK AND PROSPECTS

With the cessation of its steel manufacturing business, future income stream of the Group would be from property development and rental income from property investment. Currently the Group has no borrowing and is earning returns of approximately RM100 thousand monthly from its surplus fund. It also has no contingent asset or liability.

The proposed townhouses development, our maiden flagship project in Kayu Ara, Petaling Jaya, under our wholly own subsidiary, Parkwood Sdn Bhd, shall commence in the second half of 2018. The project has an estimated gross development value of approximately RM114.50 million and would be funded internally and with borrowings.

Taking into consideration of the slowdown in the property market, business prospects for the Group are expected to remain challenging.

The Group planned to further expand into the property development sector, by targeting and acquiring more land banks that are strategically located for residential and commercial projects. This shall include mid to high-end residential and commercial development.

It has entered into discussion with various parties. However, in view of the current slowdown in property segment and in light of the tightening credit and stricter home purchase regulations, the Group shall tread cautiously and ensure that any projects launched can overcome such challenges beyond the next two years.

Apart from this, it also planned to generate more rental income from Phase 2 of its investment property in Jalan Playar, Shah Alam with the construction of a purpose-built factory/ warehouse for potential tenants.

Going forward, the Group will continue to focus on enhancing its core competencies and strive towards greater improvements.

DIVIDENDS

Though the Group has performed better in this financial year, the Board of Directors does not recommend the payment of any dividend in order to conserve fund for its strategic diversification into the property development sector.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we wish to express our sincere appreciation to shareholders, financial institutions, customers, suppliers and business associates for their support and confidence in the Group.

We also wish to take this opportunity to thank our fellow Board members, and most of all, members of the management team and their staff for their unwavering commitment and resilience, amidst the year's challenges, to steer the Group through each crisis. We asked for your continuing and unremitting patience to enable the Group in pursuing sustainable future growth.

MANAGEMENT

Group Financial Highlights

		2013 RM' 000	2014 RM' 000	2015 RM' 000	2016 RM' 000	2017 RM' 000
1	**RESULT OF OPERATIONS**					
	Gross Revenue	92,738	80,326	69,758	57,836	19,740
	Profit / (Loss) Before Interest, Tax and Depreciation	2,153	880	(1,577)	7,191	6,690
	(Loss) / Profit Before Tax	(1,322)	(2,649)	(4,580)	5,281	5,925
	(Loss) / Profit After Tax	(458)	401	(6,503)	4,634	6,273
2	**FINANCIAL POSITION**					
	Equity And Long Term Liabilities					
	Authorized Share Capital	100,000	100,000	100,000	100,000	N/A
	Paid-Up Share Capital	60,260	12,052	13,187	13,187	19,566
	Treasury Shares	(3,725)	(3,725)	(3,725)	(3,725)	(3,725)
	Share Premium	29	29	2,655	2,655	2,595
	Asset Revaluation Reserve	43,929	49,596	50,204	60,926	24,540
	Capital Reserve	-	48,209	48,209	48,209	48,209
	Unappropriated Profit	7,576	8,436	2,825	8,166	50,825
	Shareholders' Fund	108,070	114,597	113,356	129,419	142,010
	Retirement Gratuities	305	286	212	228	234
	Deferred Tax Liabilities	3,198	2,010	4,433	8,689	5,480
	Long Term Assets					
	Property, Plant & Equipment	41,735	48,615	49,146	1,259	573
	Investment Properties	58,600	61,000	61,000	66,000	76,500
	Other Investment	14	13	13	13	12
	Other Assets	-	-	158	32	32
	Deferred Tax Assets	180	-	-	-	-
	Other Assets And Liabilities					
	Current Assets	60,150	48,066	40,582	50,605	74,624
	Current Liabilities	49,107	40,801	32,897	41,982	4,017
	Net Current Assets	11,043	7,265	7,685	8,623	70,607
	Non-Current Assets Held for Sale	-	-	-	62,410	-
	Total Assets	160,679	157,694	150,899	180,318	151,741
3	**FINANCIAL RATIO**					
	Return on Equity (%)	(0.42)	0.35	(5.74)	3.58	4.42
	Profit / (Loss) Before Interest, Tax and Depreciation on Revenue (%)	2.32	1.10	(2.26)	12.43	33.89
	(Loss) / Profit Before Tax on Revenue (%)	(1.43)	(3.30)	(6.57)	9.13	30.02
	Debt Equity Ratio (times)	0.41	0.31	0.26	0.21	-
	Current Ratio (times)	1.22	1.18	1.23	1.21	18.58
	Liquidity Ratio (times)	0.61	0.62	0.75	0.87	18.28
4	**PER SHARE**					
	(Loss) / Earnings Per Share (Sen)	(0.40)	0.35	(5.32)	3.71	4.74
	Share Price (Sen)	30	31	32	44	36
	Net Asset Per Share (Sen)	95.03	100.77	90.63	103.47	103.22

List Of Properties

Tenure	Leasehold
Size	Lot PT 329: 6,752 sq. meters Lot PT 330: 182 sq. meters Total: 6,934 sq. meters
Carrying Value (RM)	21,015,509
Location	Both located at Kg Sg Kayu Ara Mukim of Sungai Buloh Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Vacant/Residential 99 years lease (expiring in 2117)

Tenure	Leasehold
Size	46,515.03 sq. meter
Fair Value (RM)	76,500,000
Address	Lot 22, Jalan Pelaya 15/1, Section 15 40200 Shah Alam Selangor Darul Ehsan
Location	H.S.(D) 172552 Bandar Shah Alam Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Investment Property 99 years lease (expiring in 2074) Buildings approximately between 2 to 27 years

Analysis Of Shareholdings
As At 30 March 2018

Share Classification and Voting Rights

Class of Shares	:	Ordinary Shares
Voting Rights by show of hand	:	One vote for every member
Voting Rights by poll	:	One vote for every share held
Issued and Paid-up Capital	:	144,382,742 Ordinary Shares (including 6,797,300 ordinary shares retained as Treasury Shares)

1. Distribution of Shareholdings and Number of Shareholders as at 30 March 2018

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholdings	No. of Shares Held	Percentage (%) of Issued Shares
Less than 100	458	13.69	16,484	0.01
100 - 1,000	239	7.14	108,139	0.08
1,001 - 10,000	2,052	61.35	6,972,476	5.07
10,001 - 100,000	508	15.19	15,167,562	11.02
100,001 - 6,879,271 *	86	2.57	75,548,806	54.91
6,879,272 and above **	2	0.06	39,771,975	28.91
Total	3,345	100.00	137,585,442	100.00

* *- Less than 5% of issued shares*
** *- 5% and above of issued shares*

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 30 March 2018

No.	Name of Shareholders	No. of Shares of RM0.10 each	Percentage (%)
1	Telaxis Sdn Bhd	31,475,175	22.88
2	Chuan Huat Hardware Holdings Sdn Bhd	8,296,800	6.03
3	Mass Ocean Sdn Bhd	6,417,679	4.66
4	Excel Impression Sdn Bhd	6,326,642	4.60
5	Era Erat Sdn Bhd	6,194,829	4.50
6	S H H Holdings Sdn Bhd	5,011,100	3.64
7	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Ng Aik Kee (001)*	4,882,400	3.55
8	Yoon Wonsang	3,752,330	2.73
9	Siew Min Chung	3,664,500	2.66
10	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Boon Kheong*	3,062,600	2.23
11	Mohamad Nadziff Bin Bustari	2,941,200	2.14
12	Tan Chee Fatt	2,842,600	2.07
13	Lim Seng Chee	2,194,950	1.60
14	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	2,012,195	1.46
15	Ng Boon Kheong	1,960,000	1.42
16	Yap Kiew @ Yap Yoke Ho	1,509,000	1.10
17	Teoh Hunt Thuim	1,220,000	0.89
18	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liew Yoon Peck*	1,013,400	0.74

No.	Name of Shareholders	No. of Shares of RM0.10 each	Percentage (%)
19	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Chew Huat (E-SPG)*	1,000,025	0.73
20	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kim Meng (M10)*	951,600	0.69
21	Wong Seng Poh	947,100	0.69
22	Chia Kah Ying	764,100	0.56
23	Ho Chin Kong	751,600	0.55
24	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Joseph Salang Anak Gandum (M05)*	700,050	0.51
25	Lim Kian Wat	690,182	0.50
26	Lim Seng Qwee	660,000	0.48
27	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lai Chin Yang (T Mutiara-CL)*	622,000	0.45
28	MH Steel Sdn Bhd	572,500	0.42
29	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (Client A/C - NR)*	560,850	0.41
30	Soong Chee Keong	518,400	0.38
	Total	103,515,807	75.24

3. List of Substantial Shareholders as per Register of Substantial Shareholders as at 30 March 2018

Name	<---------- No. of Shares		---------->	
	Direct	%	Indirect	%
Telaxis Sdn Bhd	31,475,175	22.88	-	-
Chuan Huat Hardware Holdings Sdn Bhd	8,296,800	6.03	-	-
S H H Holdings Sdn Bhd	5,011,100	3.64	-	-
Dato' Lim Chee Meng	15,750	0.01	*31,475,175	22.88
Mr Lim Chin Sean	-	-	*31,475,175	22.88
LGB Holdings Sdn Bhd	-	-	#31,475,175	22.88
Adil Cita Sdn Bhd	-	-	#31,475,175	22.88

Notes:-

* *Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

\# *Deemed interest by virtue of its interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

4. List of Directors' Shareholdings as per Register of Directors' Shareholdings as at 30 March 2018

	Name	<---------- No. of Shares		---------->	
		Direct	%	Indirect	%
a)	Dato' Ghazali Bin Mat Ariff	317,125	0.23	-	-
b)	Datuk Sulaiman Bin Salleh	20,000	0.01	-	-
c)	Tuan Haji Fauzi Bin Mustapha	20,000	0.01	-	-
d)	Dato' Lim Yew Boon	10,000	0.01	-	-
e)	Mr. Lim Chin Sean	-	-	*31,475,175	22.88
f)	Dr. Goh Swee Por *(Alternate Drector to Lim Chin Sean)*	-	-	-	-

Notes:-

* *Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

Corporate Governance Overview Statement

INTRODUCTION

Throughout the years, Amalgamated Industrial Steel Berhad ("AISB" or "the Company") and its Board of Directors ("the Board") have been resolute in ensuring that the Company and its subsidiaries' ("the Group") business and affairs strictly adhere to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct.

The Board of AISB is committed in ensuring a high standard of corporate governance is practiced whilst pursuing its corporate objectives in enhancing the shareholders' value and competitiveness. The Board is mindful of the importance of governance and acknowledges to continue delivering sustainable performance and instilling best corporate governance practices in building a sustainable business.

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing requirements of the Group. The Board is pleased to present the Corporate Governance Overview Statement for the year ended 31 December 2017 outlining the application of the principles and recommendations as set out in the following guides:

1. Companies Act, 2016 ("CA2016");
2. Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
3. Malaysian Code on Corporate Governance 2017 ("the Code"); and
4. Third Edition of Corporate Governance Guide issued by Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The responsibilities of the Board, which was set out in a Board Charter, include Management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. AISB is led by an experienced Board comprising members who are specialist in various business sectors supported by a wide range of other professionals in the accounting, economics, IT, engineering and legal sectors. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board of Directors.

Board Charter

The Board Charter established clearly the functions reserved for the Board, Directors roles and responsibilities and those delegated to the Management. It acts as a reference in providing the Board members and Management insight into the functions of the Board of Directors. The core areas of the Board Charter are as follows:

1. Company Goals, Mission and Vision
2. Board Governance Process
3. Board and Management Relationship
4. Board and Shareholders Relationship
5. Stakeholders Relationship
6. Schedule of Board Matters

The Board Charter will be reviewed from time to time to ensure its consistency with the Board's objectives and current laws and practices.

The Board Charter is accessible through the Company's website at www.aisberhad.com.my.

Duties and Responsibilities of the Board

The Board is dedicated to practice clear demarcation of duties, responsibilities and authority within the Company. Its key responsibilities pursuant to the recommendations of the Code include:

- Reviewing of the strategic direction of the Group, establishing goals for management and monitoring achievement of these goals;
- overseeing the conduct of the Group's business operations and performance;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- reviewing the adequacy and integrity of the Group's internal controls system of the Company;
- implement succession planning for business and functional continuity; and
- overseeing the development and implementation of a policy to enable effective communication with its shareholders and other stakeholders.

There is a schedule of matters reserved specifically for the Board's decision, which includes approval of corporate plans and annual budgets, announcement of quarterly results, major capital expenditure, significant financial matters and the adequacy and integrity of internal controls, including risk assessment.

The Board delegated certain responsibilities to the Management or Board Committees namely the Nomination Committee, the Remuneration Committee, the Audit Committee and the Risk Management Committee. Effective from 1 January 2018, the Audit Committee merged with the Risk Management Committee and known as the "Audit and Risk Management Committee". These Committees have the authority to examine specific issues and forward their recommendations to the Board. The final decisions on all matters, however, rest with the Board.

Separation of positions of Independent Non-Executive Chairman ("the Chairman") and Executive Directors

The Group practices and faithfully observed division of responsibilities between the Chairman and Executive Directors. The roles of the Chairman and Executive Directors are separate with clear distinctions of responsibilities between them to ensure balance of power and authority. The Chairman, Dato' Ghazali Bin Mat Ariff is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board and the Executive Directors, Dato' Ronnie Lim Yew Boon and Mr. Lim Chin Sean are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and also to formulate operational strategies.

The Independent Non-Executive Directors are independent of Management and free of any relationship which could materially interfere with the exercise of their independent judgement. They provide a check and balance on the performance of Management. Datuk Sulaiman Bin Salleh has been identified as the Senior Independent Non-Executive Director for which all concerns regarding the Group may be conveyed.

Code of Conducts and Ethics

Directors are expected to conduct themselves, as per the Directors' Code of Ethics ("the Directors' Code"), with the highest ethical standards, to behave ethically and professionally at all times to promote and protect reputation and performance of the Company.

The Directors' Code covers the principles of conflict of interest, insider dealings, integrity, compliance to law and etc. The Directors' Code, adopted by the Board in 2013, is accessible through the Company's website at www.aisberhad.com.my.

The Board believed that having a Whistle-Blowing Policy and Procedure in place will strengthen, supports good management and at the same time demonstrates accountability, good risk management and sound corporate governance practices. A Whistle-Blowing Policy, recommended by the ARMC, was adopted by the Board in year 2013. The Whistle-Blowing Policy is accessible through the Company's website atwww.aisberhad.com.my.

The Board aimed to provide an avenue and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rules or procedures by the employee or Management of the Company. The policy outlines when, how and to who a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution.

Diversity Policy on Gender Diversity

The Company takes diversity not only in Boardroom but also workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company. Diversity encapsulates not only gender but also age and ethnicity, if well-managed, can drive performance and strengthen governance.

As at the date of this statement, no gender diversity policies, targets and measures have been set by the Company. The Board through the Nomination Committee will take the necessary steps to ensure that women candidates are sought as part of its recruitment exercise.

Despite the importance of Boardroom diversity, the Board is of the view that the selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority, not to compromise on qualification, experience and capabilities.

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business .The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the need of the wider community, the requirements of shareholders and stakeholders and economic success.

In transition to implement the Code, the Company will consider formalising a Sustainability Policy which aims to endeavor to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and Senior Management are involved in implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

The Non-Executive Directors are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of the long-term interests of all stakeholders .They contributed to the formulation of policies, and decision-making using their expertise and experience. They also provide guidance and promote professionalism to the Management. The Independent Non-Executive Directors fulfilled a pivotal role in corporate accountability, providing independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision making process to ensure that the long term interests of all stakeholders and the community are well protected.

Succession Planning

The Board is responsible for reviewing candidates for key positions namely, the Non-Executive Chairman, Executive and Non-Executive Directors and all head of divisions; the succession planning to ensure all candidates appointed to Senior Management positions are of sufficient expertise. The Board had adopted a Succession Planning Policy to ensure that there are avenues in place to provide for the orderly succession of Senior Management.

Supply and Access to Information

The Directors are supplied with and have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. The information provided includes both verbal and written details.

All scheduled meetings held during the year were preceded by a formal agenda issued by the Company Secretaries in consultation with the Management. Prior to meetings, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings which in turn enhances the decision making process.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. They also have access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

Qualified and Competent Company Secretaries

The Board is supported by two (2) experienced and competent Company Secretaries, who are qualified to act under Section 235(2) of the CA 2016. The Company Secretaries are responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretaries also highlights all compliance and governance issues which they feel ought to be brought to the Board's attention. The Companies Secretaries had and will constantly keep themselves abreast, through continuous training on the regulatory changes and development in corporate governance.

The Company Secretaries provides support to the Chairman of the Company to ensure the effective functioning of the Board. The Company Secretaries and/or representative organise and attend all Board Meetings and Board Committees' Meetings ensuring that the accurate and proper record of deliberation of issues discussed, decisions made and conclusions taken. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management.

In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretaries have oversight on overall corporate secretarial functions of the Group and maintains all secretarial and statutory records of the Group.

The Board is satisfied with the performances and support rendered by the Company Secretaries to the Board in the discharge of its functions.

II. Board Composition

Board Balance

The Board consists of five (5) principal directors and one (1) alternate director. Out of the five (5) principal directors, two (2) are Executive Directors and three (3) are Non-Executive Directors. Three (3) of the Directors are independent, which is in compliance with the Main LR of Bursa Securities in respect of the board composition.

The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors with a wide range of professional skills, which are relevant and necessary for the business direction of the Group. A brief profile of each Director is presented on pages 9 to 11 of this Annual Report.

Board Committees

The following Board Committees have acted within the framework specified by the Board. These committees have sporadically made proposals to improve and enhance the role of the Board in governance processes. The Chairman of each of these Board Committees will report to the Board on the outcome of the Committee Meetings.

Effective from 1 January 2018, the principal Board Committees of the Company has been reduced from four (4) to three (3). Below is a general description of some of the basic functions of the respective Board Committees.

a. Audit and Risk Management Committee

On 14 December 2017, the Board had approved the merger of the Audit Committee and Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 1 January 2018. The Audit and Risk Management Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors, and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system.

The full details of the composition, terms of reference and summary of the activities of the Audit and Risk Management Committee during the year are set out in the Audit and Risk Management Committee Report on pages 39 to 43 of this Annual Report.

b. Nomination Committee

The Board established a Nomination Committee in May 2002, which consists exclusively of Independent Non-Executive Directors. The Chair of the Nomination Committee is the Senior Independent Non-Executive Director identified by the Board.

Chairman : **Datuk Sulaiman Bin Salleh**
(Senior Independent Non-Executive Director)

Members : **Tuan Haji Fauzi Bin Mustapha**
(Independent Non-Executive Director)
Dato' Ghazali Bin Mat Ariff
(Independent Non-Executive Director)

The functions of the Nomination Committee are to assist the Board in discharging its responsibilities, particularly in:-

- assessing the effectiveness of the Board, respective Committees and contribution of each Director;
- identifying, appointing and orientating new directors;
- identifying the required mix of skills, experience and other core competencies the Board needs for it to function effectively and efficiently;
- developing, maintaining and reviewing the criteria to be used in the recruitment process and annual assessment of Directors;
- developing the criteria for annual assessment of independence of the Independent Directors of the Company by the Board and recommending to the Board for continuation in service of Independent Director(s) who have served the Board for a cumulative term of more than nine (9) years; and
- establishing measures to approach the boardroom diversity.

To carry out the tasks of reviewing on an annual basis the effectiveness of the Board as a whole, Independent Directors, Board Committees and the contribution of each individual Director, the Nomination Committee has adopted the following performance evaluation forms in assessing and evaluating the required mix of skills and experience, including core competences, which the Directors should bring to the Board:

(a) Audit Committee Evaluation Questionnaire;
(b) Independent Directors' Self-Assessment Checklist;
(c) Directors'/Key Officers' Self-Assessment Evaluation Form;
(d) Board Skills Matrix Form; and
(e) Board and Board committees Evaluation Form

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2017. The summary of activities of the Nomination Committee during the financial year ended 31 December 2017 is as follows:-

- Assessed the effectiveness of the Board as a whole and contribution of individual Directors for the financial year ended 31 December 2016;
- Reviewed and recommended to the Board, re-election of Directors who are retiring by rotation; and
- Assessed the independence of Independent Directors, who have served the Board for a cumulative term of more than nine (9) years.

c. Remuneration Committee

The Board established a Remuneration Committee in May 2002, which consists exclusively of Independent Non-Executive Directors:-

Chairman : **Dato' Ghazali Bin Mat Ariff**
(Independent Non-Executive Director)

Members : **Datuk Sulaiman Bin Salleh**
(Senior Independent Non-Executive Director)
Tuan Haji Fauzi Bin Mustapha
(Independent Non-Executive Director)

The Remuneration Committee is responsible to review the remuneration and benefits package to the Executive Directors, the Directors' fees and benefits to the Non-Executive Directors of the Company and also the meetings allowances to all Directors.

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2017. The summary of activities during the financial year ended 31 December 2017 is as follows:-

- Reviewed and recommended to the Board, payment of Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2016; and
- Reviewed and recommended to the Board, remuneration package of the Executive Directors of the Company.

The Remuneration Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Appointment to the Board

The Board recognizes its responsibility to carefully appraise and consider the appointment of new and existing Directors so as to continue functioning effectively. Thus, whilst the initial appraisal of new candidates is delegated to the Nomination Committee, the Board will ensure that the appointment or reappointment of each Director will maintain the good balance of skills and experience in its composition. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance. Management will facilitate board induction by providing the new Director with relevant information about the Group.

The Nominating Committee is responsible for identifying, assessing and recommending to the Board, suitable nominees for appointment to the Board and Board Committees. Candidates are normally sourced through recommendations by existing Board members, Management or major shareholder. Nevertheless, the Nominating Committee is also open to utilise independent sources to identify suitable qualified candidates.

Retirement and Re-Election

The Company's Constitution requires a Director to retire at the Annual General Meeting ("AGM") following his appointment but he shall be eligible for re-election. The Company's Constitution also provides that one third (1/3) or the number nearest to one third (1/3) of the Directors in office are to retire by rotation at each AGM and the Directors may offer themselves for re-election.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next Annual General Meeting and shall then be eligible for re-election.

With the enforcement of the CA 2016, there is no requirement for Directors who are of or over the age of seventy (70) years to seek for re-appointment to the Board annually.

In February 2018, the Board approved the recommendation of the Nomination Committee that Tuan Haji Fauzi Bin Mustapha and Datuk Sulaiman Bin Salleh, who are due for retirement by rotation at the Forty-Seventh AGM pursuant to Article 116 of the Company's Constitution, are eligible to stand for re-election at the Forty-Seventh AGM. Tuan Haji Fauzi Bin Mustapha and Datuk Sulaiman Bin Salleh had expressed their intention to seek re-election at the Forty-Seventh AGM.

Annual Assessment of Independent Directors

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning to the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

The Nomination Committee has developed the criteria to assess independence of the Independent Directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Board with assistance from the Nomination Committee will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Directors can continue to bring independent and objective judgment to the Board deliberations.

For the financial year ended 31 December 2017, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria developed by the Nomination Committee of the Company. The Board is satisfied with the level of Independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon completion of nine (9) years, to re-designate the director as Non-Independent Director if he continues to serve on the Board pursuant to the Code. If the Board intends to retain an Independent Director beyond nine (9) years, the Company should justify and seek shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of the Code.

The Board further recognises that the tenure is not the absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude, background and current activities should also be considered.

Both Tuan Haji Fauzi Bin Mustapha and Datuk Sulaiman Bin Salleh have served the Board for more than nine (9) years as Independent Directors. Thus, shareholders' approval will be sought to retain them as Independent Directors of the Company. The Nomination Committee and the Board have performed an assessment on the independence of the Independent Directors based on the criteria approved by the Board. Upon the Nomination Committee's recommendation, the Board recommended for shareholders' approval the retention of Tuan Haji Fauzi Bin Mustapha and Datuk Sulaiman Bin Salleh as Independent Non-Executive Directors, based on the following justifications:

- they fulfilled the criteria under the definition of Independent Directors as stated in the Main LR of Bursa Securities;
- they have vast experience in a diverse range of businesses which enable them to provide constructive and independent judgment in the best interest of the Company;
- they have ensured that there is effective check and balance in proceedings of the Board and Board Committees and have actively participated in Board's deliberations, provided objective and independent opinion to the Board; and
- they have devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company and exercised due care in the interest of the Company and shareholders.

Number of Directorship

Pursuant to Paragraph 15.06 of the Main LR of Bursa Securities, Directors of the Company must not hold more than five (5) directorships in public listed companies.

The Directors of the Company are required to first notify the Chairman, prior to acceptance of new directorship in other public listed companies, including the estimated time commitment required, to ensure that such appointment would not affect their commitments and focus for an effective input to the Board.

As at the date of this statement, none of the Directors of the Company hold more than five (5) directorships in public listed companies. The directorships of each Director are set out in the Profile of Directors on pages 9 to 11 of this Annual Report.

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary, to inter-alia approve quarterly financial results, business plans, budgets, governance matters and other business development activities. Special Board meetings may be convened to consider urgent proposal or matters which require the expeditious review or consideration by the Board.

Senior Management, both external and internal auditors and/or advisers may be invited to attend the Board meetings, if required, to provide additional information on the relevant agenda tabled at the Board Meetings.

Strategic issues such as acquisition and disposal of the group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board Meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Where a transaction is required to be approved by the shareholders, interested directors will abstain from deliberations and voting in respect of their shareholdings in the Company and they will further undertake to ensure that persons connected to them will similarly abstain from voting.

Board meetings for the ensuing financial year are scheduled in advance to facilitate the Directors to plan ahead. All meetings are furnished with proper agendas with due notice issued. Board papers and reports are prepared by the Management, which provide updates on financial, operational, legal matters. These are circulated prior to the meetings to all Directors to allow sufficient time for review so as to ensure effective discussions and decision making during the meetings.

During the financial year ended 31 December 2017, seven (7) board meetings were held. All Directors in office have attended all the board meetings held and therefore, have complied with paragraph 15.05(3) of the Main LR of Bursa Securities. Details of the board meetings and their attendances at these meetings are set out below.

Name of Directors	Total Meetings Attended by Directors	Percentage
Dato' Ghazali Bin Mat Ariff	7/7	100%
Tuan Haji Fauzi Bin Mustapha	7/7	100%
Datuk Sulaiman Bin Salleh	7/7	100%
Dato' Ronnie Lim Yew Boon	7/7	100%
Mr. Lim Chin Sean	7/7	100%

Level of Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings as set out in the table above.

Directors' Training

The Directors have participated and continue to undergo the relevant training programmes to further enhance their skill and knowledge as well as the latest statutory and/or regulatory requirements in discharging their fiduciary duties to the Company.

During the financial year ended 31 December 2017, the Directors attended the following seminar or training programmes:-

Directors	Training / Seminar Attended	Date
Tuan Haji Fauzi Bin Mustapha	- Advocacy Sessions on Corporate Disclosure for Directors & Principal Officers of Listed Issuers – Corporate Disclosure Framework & Directors Disclosure Obligations under the Listing Requirements – conducted by Bursa Malaysia Berhad	03.10.2017

Directors	Training / Seminar Attended	Date
Dato' Ronnie Lim Yew Boon	- Companies Act, 2016 and Regulations – an Overview of Changes and Comparison of Directors' duties and responsibilities with Companies Act, 2016 – organized by Tricor Knowledge House Sdn Bhd - Bursa Workshop – Fraud Management Risk Workshop - GCC Materiality Workshop Auditor Reporting – The Game Changer for Boardroom - Personal Mastery with NLP (Neuro-Linguistic Programming) Training foe Senior Management – conducted by NaviGo NLP Center - Advocacy Sessions to Enhance Quality of Management Discussion & Analysis (MD&A)	07.02.2017 13.07.2017 21.08.2017 05.09.2017 to 06.09.2017 23.10.2017
Mr. Lim Chin Sean	- Companies Act, 2016 and Regulations – an Overview of Changes and Comparison of Directors' duties and responsibilities with Companies Act, 2016 – organized by Tricor Knowledge House Sdn Bhd	07.02.2017
Dr. Goh Swee Por *(Alternate Director to Lim Chin Sean)*	- Competency Based Interviewing (CBI) Workshop for Senior Management - Personal Mastery with NLP (Neuro-Linguistic Programming) Training foe Senior Management – conducted by NaviGo NLP Center - Budget 2018 Tax Briefing conducted by Deloitte Tax Services Sdn Bhd	16.05.2017 to 17.05.2017 05.09.2017 to 06.09.2017 11.12.2017
Dato' Ghazali Bin Mat Ariff	- CG Breakfast Series for Directors: Leading Change @ The Brain – organized by the Iclif Leadership and Governance Centre (Iclif)	05.12.2017
Datuk Sulaiman Bin Salleh	- Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers – Corporate Disclosure Framework & Directors Disclosure Obligations under the Listing Requirements – conducted by Bursa Malaysia Berhad	03.10.2017

III. Remuneration

All Directors receive directors' fees determined by the Board based on the level of responsibilities. Meeting allowances are also paid to Directors at each Board and Committee meetings.

The Executive Directors' remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind or emoluments, and a variable component which includes performance-based bonus.

The details of Directors' fees and Directors' remuneration for the financial year ended 31 December 2017 including remuneration for services rendered to the Company and its subsidiaries are as follows:-

	Salaries & Bonus (RM)	Defined Contribution Benefits (RM)	Fees (RM)	Meeting Allowances (RM)	Benefits In-Kind (RM)	TOTAL (RM)
Executive Directors						
Dato' Ronnie Lim Yew Boon	287,700	34,524	-	11,000	26,014	359,238
Mr. Lim Chin Sean	182,725	21,936	24,000	9,000	-	237,661
Non-Executive Directors						
Dato' Ghazali Bin Mat Ariff	-	-	24,000	18,000	19,293	61,293
Datuk Sulaiman Bin Salleh	-	-	24,000	17,200	-	41,200
Tuan Haji Fauzi Bin Mustapha	-	-	24,000	18,400	-	42,400
Dr. Goh Swee Por *(Alternate Director to Lim Chin Sean)*	-	-	-	-	-	-

Set out below are directors' remuneration paid or payable by the Company for financial year ended 31 December 2017, in aggregation and analysed into bands of RM50,000:-

Range of Remuneration	Number of Directors Executive	 Non-Executive
Less than RM50,000	-	2
From RM50,001- RM100,00	-	1
From RM200,001 to RM250,000	1	-
From RM300,001 to RM350,000	1	-

The Board acknowledges the recommendation of the Code for transparency in the disclosure of its key Senior Management remuneration. For the financial year ended 31 December 2017, the top 5 Senior Management of the Company whose total remuneration (including benefits-in-kind and other emoluments) falls within the following bands are as follows:

Less than RM50,000	2
From RM50,001 to RM100,000	1
From RM100,001 to RM150,000	-
From RM150,001 to RM200,000	-
Above RM200,000	2

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee (now known as Audit and Risk Management Committee)

On 14 December 2017, the Board had approved the merger of the Audit Committee and Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 1 January 2018. The Audit and Risk Management Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors, and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system.

The composition of the Audit and Risk Management Committee members, comprising exclusively of Independent Non-Executive Directors as compliance to the Bursa Malaysia Listing Requirements, are as follows: -

Chairman : **Datuk Sulaiman Bin Salleh**
(Senior Independent Non-Executive Director)

Members : **Tuan Haji Fauzi Bin Mustapha**
(Independent Non-Executive Director)
Dato' Ghazali Bin Mat Ariff
(Independent Non-Executive Director)

Further details of the Audit and Risk Management Committee are contained in the Audit and Risk Management Committee Report on pages 39 to 43 of this Annual Report.

Financial Reporting

The Board is firmly resolved to present a proper and meaningful assessment of the Group's financial performance and prospects in every interim and annual report. In this connection, it is supported by the Audit Committee, which diligently ensures the accuracy, adequacy and reasonableness of information prior to reporting.

Internal Control

The Board has taken the responsibility of identifying and reviewing the adequacy of the Group's internal control systems in compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Risk Management and Internal Control is presented on pages 36 to 38 of this Annual Report. The Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit and Risk Management Committee.

Relationship with External Auditors

The role of the Audit and Risk Management Committee in relation to the external auditors may be found in the Audit and Risk Management Committee Report set out on pages 39 to 43 of this Annual Report. The Company has always maintained a transparent and appropriate relationship with its auditors in seeking professional advice and ensuring compliance with relevant accounting standards in Malaysia.

The Audit and Risk Management Committee undertakes an annual assessment of the suitability and independence of the external auditors. Upon satisfactory assessment of their performance, the Audit and Risk Management Committee will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the Annual General Meeting of the Company.

It is a policy of the Audit and Risk Management Committee that it meets with the external auditors at least twice (2) a year to discuss their audit plan, audit findings and the Company's financial statements as well as any other issues without the presence of the Executive Directors and Management.

II. Risk Management and Internal Control Framework

Sound Framework to Manage Risk

The Board acknowledges its responsibility to maintain a sound Risk Management and Internal Control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance and to design measures to manage those risks. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit and Risk Management Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors and the External Auditors.

As per its Terms of Reference, the Audit and Risk Management Committee has been explicitly accorded the power to appoint, and to decide on the remuneration and the resignation/dismissal of the Internal Auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit and Risk Management Committee, that it is independent of the functions it audits and has the authorities and resources necessary to carry out its responsibilities. It will also approve the Internal Audit Plan and review and assess the performance of the internal audit function.

Internal Audit Function

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Board has established an in-house internal audit function during the financial year.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's Risk Management and Internal Control system in identifying and managing principal risks, ensuring compliance with the law and regulations and preserving the quality of assets and the integrity of the management information system.

Please refer to the Audit and Risk Management Committee Report in this Annual Report for more details.

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

I. Communication with Stakeholders

The Group recognizes the importance of timely and thorough dissemination of information to shareholders and investors on all business matters. The Company is committed to keeping shareholders duly informed about the Group's performance, corporate governance and other matters affecting shareholders' interests, while always mindful of the laws and regulations governing the release of specific information.

The primary tool of communication with the shareholders of the Company is currently done through published annual reports and timely statutory periodic announcements to Bursa Securities. In order to enhance the Company's communication with the stakeholders, the Company has established a website at www.aisberhad.com.my as a channel of communication and information dissemination. Various announcements made by the Company during the year and annual reports are available on the Company's website. The Company also disseminates information through press releases on corporate events and business as well as any significant developments of the Group.

In addition to the above, the Board has identified Datuk Sulaiman Bin Salleh as the Senior Independent Non-Executive Director to whom all concerns from the shareholders or investors may be conveyed.

Corporate Disclosure Policy

The Board acknowledges the importance of timely and thorough dissemination of information to its investors and shareholders. The Board regards regular communications with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building a good relationship with its shareholders.

In line with the Main Market Listing Requirements of Bursa Securities and best practices recommended by the Code, the Company must disclose to the public all material information necessary for informed investment decisions and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.aisberhad.com.my, and to ensure that such information is handled properly to avoid leakage and improper use of such information.

The Company shall disclose all material information required to be disclosed under applicable securities laws, in accordance with a consistent procedure and in accordance with such laws, as per the disclosure principles listed below:

- Material information will be immediately announced to Bursa Securities first and later made available at the Company website;
- Material information will be kept confidential temporarily if the immediate release of such information would be unduly detrimental to the interests of the Company;
- Content of disclosure must be factual and non-speculative and include any information the omission of which would cause the rest of the disclosure misleading;
- The disclosure must be corrected immediately if the Company learns that an earlier disclosure by the Company contained a material error at the time it was originally disclosed;
- The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the internet. Should Bursa Securities request that the Company to make a definitive statement in response to a market rumour that is causing significant volatility in the price of the Company's securities, the Executive Directors will respond appropriately after consulting with the Board for advice if time permits, before a reply is given to Bursa Securities; and
- All investors must have equal access to material information. Selective disclosure is not allowed.

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his/her choice of actions.

The Company Secretaries are assigned to compile such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

Leverage on Information Technology

The Company disseminates information in relation to its financial performance, operations and corporate developments through the Annual Reports, Quarterly Interim Financial Reports, circulars and various general announcements. The Company releases all material information publicly through Bursa Securities and via its IR portal at www.aisberhad.com.my.

Shareholders and investors are also encouraged to convey their queries and concerns to the Company via the Company's website at www.aisberhad.com.my or via email to general@aisberhad.com.my. The queries will be attended by the Company's Senior Management or the Board, as the case may be.

II. Conduct of General Meetings

Annual General Meetings or Extraordinary General Meetings ("General Meetings")

General Meetings remain the principal forum for dialogue between the Company and its shareholders, as the Company's General Meetings provide a means of communication with shareholders.

Notices of General Meetings, the related circulars and the Annual Reports of the Company are sent to the shareholders in accordance with the regulatory and statutory provisions. Where special business items appear in the Notices of General Meetings, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on such resolution. The Notices of General Meetings are advertised in a national English newspaper within the prescribed deadlines. Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

The Board notes the recommendation of the Code that Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting, which is earlier than the minimum notice periods stipulated in the Company's Constitution and the CA 2016. In the past years, the Company serves the Notice for Annual General Meeting more than twenty eight (28) days prior to the meeting.

The Company holds its General Meetings at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

If a shareholder is unable to attend and vote in person at the General Meetings, the Company allows him/her to appoint any person, who may but need not be a member of the Company, to be his/her proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the General Meetings shall have the same rights as the shareholder to speak at the General Meetings.

At the General Meetings, the Board encourages and gives sufficient opportunity for the shareholders to ask questions regarding the affairs of the Group, its financial performance and the resolutions being proposed at the meetings. The Chairman, when presenting the agenda items at the meetings, will give a brief background on the items to be voted on and shareholders are invited to give their views and raise question before voting takes place. Shareholders' suggestions received during the General Meetings are reviewed and considered for implementation, wherever possible.

All Directors attend the General Meetings. The Chairman of the Nomination, Remuneration and Audit and Risk Management Committees and Senior Management are also present at the General Meetings to respond to shareholders' queries addressed to them during the meetings. The external auditors and advisers of corporate exercises, where applicable, attend General Meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

Other than shareholders of the Company, representative from the Minority Shareholders Watchdog Group ("MSWG") will also be invited as observer at the Company's General Meetings if prior requests have been made. Queries raised by the MSWG and the Company's reply thereto are read out at the General Meetings.

All meetings are recorded by the Company Secretaries and the summary of key matters discussed at the general meetings is available for inspection at the Company's website.

Poll Voting

In compliance with the Main Market Listing Requirements of Bursa Securities, all resolutions that set out in the Notice of General Meetings will be voted via poll voting.

The polling process will be conducted by the share registrars as the Poll Administrator and an independent scrutineer will be appointed to oversee the conduct of the poll and verify the results of the poll.

ADDITIONAL COMPLIANCE INFORMATION

a) Audit and Non-Audit Fees

During the financial year ended 31 December 2017, the amount of audit fees paid or payable to the External Auditors, Messrs. Crowe Horwath AF 1018 by AISB and its subsidiaries were as follows:

Fees paid by AISB: RM40,000
Fees paid by AISB subsidiaries: RM57,000

For the financial year ended 31 December 2017, the non-audit fee of RM3,000 was paid by the Company to the External Auditors.

b) Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

RRPT of revenue or trading nature entered into by the Company and/or the Group with its related parties during the year is less than the prescribed threshold by Bursa Securities and therefore does not require the shareholders' mandate during the financial year under review.

c) Material contracts

There were no material contracts entered into by the Company and/or the Group, which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

d) Utilisation of Proceeds

Share capital of the Group increased by another RM6.38 million with the placement of another 12,507,767 shares at an issue price of RM0.51 each in June 2017. The proceeds were fully utilised in the refurbishment of the factory building in Jalan Playar.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continuously improve on its corporate governance practices and structure to achieve an optimal governance framework

This Corporate Governance Overview Statement was approved by the Board of Directors of AISB on 13 April 2018.

Statement On Risk Management And Internal Control

1. INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities Berhad, the Board of Directors ("the Board") is pleased to issue this statement on risk management and internal control of the Group for the financial year ended 31 December 2017 in compliance with the Principles and Best Practices as stipulated in the Malaysian Code on Corporate Governance 2012 and revised 2017.

2. BOARD'S RESPONSIBILITY

The Board acknowledges the importance of systems of internal control and recognizes that it is their responsibility to maintain a sound system of internal control to safeguard shareholders' investment. In this connection, the Board confirms that there is on-going effort to identify risks and to introduce or improve controls in the functional areas.

In line with its responsibilities, the Audit Committee ("AC") and Risk Management Committee ("RMC") has been merged and to be known as the Audit and Risk Management Committee ("ARMC") effective from 1 January 2018.

The Board has established the ARMC to oversee the effective implementation of the risk management process.

The role of ARMC is to provide an independent assessment of the effectiveness, adequacy and reliability of the risk management process, compliance with risk policies, applicable laws, regulations, rules, directives and guidelines. These assessments are assisted by an independent internal audit function.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed and positioned to mitigate risks but not eliminating the present and future risks. In this connection, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

3. RISK MANAGEMENT FRAMEWORK

The ARMC which was established to adopt the Risk Management Framework designed for the Group. This framework provides guidance and facilitates a structured approach for identifying, evaluating and managing significant risks that could inadvertently prevent the achievement of business objectives.

The Board has approved the following Terms of Reference for the ARMC:

a. To review the Group's overall objectives by assessing the adequacy and effectiveness of the risk portfolio composition and risk mitigation controls in determining the desired exposures of each major area on a periodic basis.

b. To promote and ensure that the risk management process and culture are embedded.

c. To review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks and their effectiveness.

d. To ensure adequate infrastructure, resources and systems are in place for managing risks.

e. To identify other corporate risk areas such as regulatory compliances, new business development and financial issues.

f. To establish a task force to over see the proper conduct of regular review and control of risk in the functional activities.

The ARMC had approved the Risk Handbook, which was developed by the Risk Management Taskforce. The aim of the Handbook is to introduce a standardized approach for departments to adopt and assist in identification, analysis and management of risks.

To complement the current risk management processes, the Management with the assistance and facilitation of the Internal Auditors conducted a risk assessment exercise in 2010. In this exercise, a structured risk management framework was introduced and possible key risks that could affect the achievement of the Group's objectives, the control and mitigating action plans were identified and documented. A risk report was presented to the Board for discussion and formalization of actions plan and updated by the Risk Management Taskforce every year.

4. INTERNAL AUDIT FUNCTION

The Internal Audit department continues to independently, objectively and regularly review key processes, check compliance with policies/procedure, evaluate the adequacy and effectiveness of internal control, risk management and governance processes established by management and/or the Board within the Group. If highlights significant findings and corrective measures in respect of any non-compliance to Management and the ARMC on a timely basis. The annual audit plan is reviewed and approved by the ARMC annually and an update is given to the ARMC every quarter. Further activities of the Internal Audit Function are set out in the ARMC report on page 43.

5. INTERNAL CONTROL

The Group's internal control system during the financial year ended 31 December 2017 and up to the date of approval of this statement for inclusion into the annual report encompasses interalia, the key elements as follows:

- A functional organizational structure that defines the level of authority and responsibilities of management.
- Policies and procedures, updated as necessary, are documented and communicated to personnel for compliance.
- ISO9001:2008 international quality management system standard providing a foundation for improving key processe, quality, customer service and customer satisfaction.
- An ARMC with defined responsibilities as set out on pages 39 to 43.
- An internal audit function, which is accountable to the ARMC, objectively reviews and reports on the effectiveness of control processes.
- An annual operating budget and strategic business plan approved by the Board.
- Appropriate human resource guidelines for hiring and terminating staff, formal training programmes, annual performance appraisals and other relevant procedures are in place to ensure employees' competency.
- The Executive Director and Management monitoring of the Group's performance using key performance indicators, monthly management reports and periodic management meetings. These performance reports are bench marked against budgets. Any exceptions noted will be investigated and reported.
- Quarterly monitoring of financial results by the Board.

In making this statement, the Board had considered the Bursa's Guidance on Statement on Internal Control for all subsidiaries. The Board is of the view that there has been no significant breakdown or weaknesses in the systems of internal control of the Group that may result in material losses incurred for the financial year ended 31 December 2017. Nevertheless, remedial actions and corrective measures have been or are being taken to address the weaknesses noted.

6. MANAGEMENT RESPONSIBILITIES

The Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the board that the processes have been carried out.

7. REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

8. CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Executive Directors and CFO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement on Risk Management and Internal Control is made in accordance with the minutes of the Board of Directors meeting held on 13 April 2018.

Audit and Risk Management Committee Report

MEMBERSHIP

The Board had on 14 December 2017 approved the merger of the Audit Committee and the Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 1 January 2018. The rationale of the merger of the two (2) Board Committee is to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

Members of the Audit and Risk Management Committee, their respective designation and directorate are as follows:

Name	Designation	Directorship
Datuk Sulaiman Bin Salleh	Chairman	Senior Independent Non-Executive Director
Tuan Haji Fauzi Bin Mustapha	Member	Independent Non-Executive Director
Dato' Ghazali Bin Mat Ariff	Member	Independent Non-Executive Director

All Audit and Risk Management Committee members of the Company are Independent Non-Executive Directors.

SUMMARY OF TERMS OF REFERENCE

1. COMPOSITION, MEETINGS, MINUTES AND ACTIVITIES

The Audit and Risk Management Committee shall be appointed by the Board amongst the Directors and shall consist of not less than three (3) members. All Audit and Risk Management Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. The Chairman shall be an Independent Non-Executive Director appointed by the Nomination Committee.

If a member of the Audit and Risk Management Committee resigns or for any reason ceases to be a member resulting in the number of members to be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint a replacement to make up the minimum of three (3). The vacancy of the Independent Chairman of the Audit and Risk Management Committee must also be filled within three (3) months.

The Board shall review the terms of reference and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference.

The Audit and Risk Management Committee shall meet at least four (4) times annually or at more frequent intervals as required. The Audit and Risk Management Committee shall meet with the external auditors at least twice (2) a year and with internal auditors at least once (1) a year, without the Executive Directors and Management present. The Chief Operating Officer, the Chief Financial Officer and the General Manager, Finance are normally invited to attend the Audit and Risk Management Committee meetings. The presence of the external auditors shall be requested, if required. Other Board members and employees may attend Audit and Risk Management Committee meetings upon the invitation of the Audit and Risk Management Committee.

The Company Secretaries shall be the Secretary to the Audit and Risk Management Committee. Minutes of each meeting shall be distributed to each member prior to the meeting. The Chairman shall report to the Board, a summary of significant matters arising at each meeting.

The Audit and Risk Management Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Audit and Risk Management Committee is also authorised by the Board to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, whenever deemed necessary.

During the financial year ended 31 December 2017, the Audit Committee (now known as the Audit and Risk Management Committee) held a total of five (5) meetings. The members of the Audit and Risk Management Committee together with their attendance are set out below:-

Name	Attendance at Meetings
Datuk Sulaiman Bin Salleh	5/5 (100%)
Tuan Haji Fauzi Bin Mustapha	5/5 (100%)
Dato' Ghazali Bin Mat Ariff	5/5 (100%)

2. KEY FUNCTIONS, ROLE AND RESPONSIBILITIES

The Audit and Risk Management Committee's duties and responsibilities are as follow:-

- To consider the appointment and re-appointment of the external auditors and the audit fee.
- To recommend the nomination of a person or persons as external auditors.
- To discuss on the resignation or removal of external auditors and the reasons thereof.
- To discuss with the external auditors the nature and scope of any audit exercise prior to its commencement and to ensure coordination of such exercise where more than one audit firm is involved.
- To review the quarterly and annual financial statements of the Company and the Group, before submission to the Board whilst ensuring that they are prepared in an accurate manner focusing particularly on:
    (i) Changes in or implementation of major accounting policies and principles changes.
    (ii) Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed.
    (iii) Significant adjustments arising from the audit.
    (iv) The going concern assumption.
    (v) Compliance with accounting standards and relevant statutory and regulatory requirements.
- To discuss issues, concerns and reservations arising from interim and final external audits, and such other matters the external auditors may wish to raise.
- To review the external auditors' management letter and management's response to specific matters raise therein.
- To assess the suitability and independence of external auditors.
- To do the following in connection with the internal audit function:
    (i) Review the adequacy of its scope, functions, competency and resources and that it has the necessary authority to carry out its work.
    (ii) Review and discuss the nature and scope of the audit programme with internal auditors and the follow-up thereto, ensuring that appropriate actions are taken as recommended.
    (iii) Review any performance appraisals or assessment of its staff.
    (iv) Approve the appointment, resignation or termination of its senior members.
    (v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.

Audit and Risk Management Committee Report (Cont'd)

- To monitor any related-party transaction and conflict of interests situation which may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

- To review the adequacy and efficacy of the Group's system of internal control.

With the merger of the Audit Committee and Risk Management Committee on 1 January 2018, the functions of the Audit and Risk Management Committee shall include the functions of the Risk Management Committee to assist the Board in discharging its responsibilities, particularly in: -

- Reviewing the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.

- Promoting and ensuring risk management process and culture are embedded throughout the Group.

- Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.

- Ensuring adequate infrastructure, resources and systems are established to make risk management effective.

- Identifying other corporate risks areas such as regulatory compliances, new business development and financial issues.

- Establishing a task force as the main risk management unit to oversee the proper operating, reviewing and controlling of risk pertaining to functional activities.

The Board has established a Risk Management Working Group ("RMWG"), which is headed by the Chief Operating Officer, Mr. Chan Keen Wai and comprise of all head of departments in ensuring that all risk classes particularly the Group strategic risks, risks related to the manufacturing and trading of steel products and project development businesses, are considered at an appropriately senior level in a consistent manner and that the Board through the Audit and Risk Management Committee receives periodic reporting on the risk environment and management's actions to mitigate and manage significant risks in a manner consistent with the Group's risk appetite.

The RMWG is responsible to oversee the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the Group as well as identifying and managing strategic business risks of the Group. In fulfilling the primary objectives, the RMWG is tasked to undertake the following responsibilities and duties:-

(a) to promote good risk management practices and effective governance within the Group and in ensuring that roles, responsibilities and accountability in managing risks are clearly established, defined and communicated;

(b) to create high level risk policies aligned with the Group's strategic business objectives;

(c) to review the enterprise risk management framework for the effective identification, assessment, measurement, monitoring, reporting and mitigation of risks within the Group;

(d) to identify and communicate existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit and Risk Management Committee.

SUMMARY OF ACTIVITIES OF AUDIT AND RISK MANAGEMENT COMMITTEE

In line with its terms of reference, the Audit Committee (now known as the Audit and Risk Management Committee) discharged its duties and responsibilities in the financial year ended 31 December 2017 through the following activities:-

a. External Audit

- Reviewed the Audit Planning Memorandum, which includes reporting responsibilities and deliverables, audit approach and scope for the statutory audits of the Group accounts for the financial year ended 31 December 2017 with the external auditors prior to the commencement of audit;
- Reviewed and discussed the results of their audit report and management letter together with Management's response to their findings;
- Reviewed the annual audited financial statements of the Group to ensure compliance with the CA 2016, Main Market LR of Bursa Securities, applicable accounting standards and other legal and regulatory requirements prior to submission to the Board for consideration and approval;
- Carried out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations, and then recommended to the Board for re-appointment as External Auditors and remuneration of the External Auditors; and
- Conducted independent meetings with the External Auditors during the year without the presence of the Executive Directors and Management.

b. Internal Audit

- Reviewed and approved the Internal Audit Plan of the Group with the selected auditable areas for each reporting quarter of 2017;
- Reviewed and deliberated on the Internal Audit reports, recommendations and management responses;
- Reviewed the corrective actions taken on the audit findings, outstanding audit issues from previous audits to ensure that actions have been taken timely and effectively; and
- Conducted independent meeting with the Internal Auditors during the year without the presence of the Executive Directors and Management.

c. Risk Management

- Reviewed the risk profiles of the Group, including action plans and strategies to address these risks identified; and
- Reviewed the risk policy and risk appetite of the Group and recommended to the Board for approval and inclusion in the Statement on Risk Management and Internal Control.

d. Financial Reporting

- Reviewed the unaudited quarterly reports before recommending for Board's approval for submission to Bursa Securities and Securities Commission Malaysia.

e. Related Party Transactions

- Reviewed, with the assistance of the Group Internal Audit Department, the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were in adherence to Main Market Listing Requirements of Bursa Securities and the recurrent related party transactions entered were within the approved limits of the shareholders' mandate on recurrent related party transactions and also conflict of interest situations which arose within the Group during the year.

Audit and Risk Management Committee Report (Cont'd)

f. Annual Report

- Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the 2017 Annual Report; and
- Presented the Audit and Risk Management Committee Report to the Board for approval and inclusion in the 2017 Annual Report.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2017, the Audit Committee (now known as the Audit and Risk Management Committee) is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities.

The Internal Audit function reports directly to the Audit and Risk Management Committee and is independent of the activities it audits. The primary responsibility of the Group Internal Audit Department is to undertake regular and systematic reviews of the risk management process, internal controls and governance practices of the Company and the Group in conformance with the International Professional Practices Framework so as to provide reasonable assurance that the risk management process, internal controls and governance practices are operating satisfactorily and effectively and are in line with the Group's goals and objectives. The results of the audits provided in the Internal Audit Reports together with the findings and recommendation for improvements were presented to the Audit and Risk Management Committee for deliberations. The resulting reports from the audits were also forwarded to the Management for attention and necessary corrective actions. The functions and responsibilities of the Internal Audit Function are embodied in the Internal Audit Charter.

All Internal Audit personnel in the Group Internal Audit Department do not have family relationships with any Directors or major shareholders of the Company and the Group. They also do not have any conflicts of interest which could impair their objectivity and independence.

The internal audit authorities carried out by Internal Auditors for the financial year ended 31 December 2017 included, inter alia, the following:

- Reviewed and assessed the adequacy and integrity of internal control systems of the Group in Inventory Management.
- reported on findings of assessment on internal control system, highlighted the risks and implications, and recommended improvements to the weaknesses found;
- reviewed and reported on the follow-up status of previous audit findings on the following areas:
  - (i) Information Technology ("IT") General Control
  - (ii) Credit Control and Collection
  - (iii) Sales and Marketing
  - (iv) Purchasing and Payment
  - (v) Inventory Management
  - (vi) Goods and Service Tax ("GST")
  - (vii) Retrenchment Exercise
  - (viii) Clearing of Jalan Utas's factory and office
- Performed independent risk assessment on risks identified, evaluated and managed by the respective heads of departments; and
- presented the Internal Audit Plan of the Group to the Audit and Risk Management Committee for review and approval.

The costs incurred by the Group in relation to the Internal Audit function for the financial year ended 31 December 2017 amounted to approximately RM80,000.

Financial Statements

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The Company had on 16 February 2015 obtained shareholders' approval to diversify into property development business.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	6,273,293	1,014,079
Attributable to:-		
Owners of the Company	6,273,293	1,014,079

DIVIDENDS

No dividend was recommended by the directors for the financial year.

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.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM13,187,497 to RM19,566,458 by way of an issuance of 12,507,767 new ordinary shares for a cash consideration of RM6,378,961 for working capital purposes. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

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

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations 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.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

DIRECTORS

The names of the directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Ghazali Bin Mat Ariff
Dato' Lim Yew Boon
Datuk Sulaiman Bin Salleh
Tuan Haji Fauzi Bin Mustapha
Lim Chin Sean
Dr. Goh Swee Por *(Alternate director to Lim Chin Sean)*

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Datin Lim Ai Ling *(Resigned on 30.1.2018)*
Ybhg Dato' Lim Chee Meng *(Resigned on 30.1.2018)*

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company during the financial year are as follows:-

	< ------------------ Number of Ordinary Shares ------------------ >			
	At 1.1.2017	Bought	Sold	At 31.12.2017
The Company				
Direct Interests				
Dato' Ghazali Bin Mat Ariff	317,125	-	-	317,125
Dato' Lim Yew Boon	10,000	-	-	10,000
Datuk Sulaiman Bin Salleh	20,000	-	-	20,000
Tuan Haji Fauzi Bin Mustapha	20,000	-	-	20,000
Indirect Interest				
Lim Chin Sean #	31,475,175	-	-	31,475,175

\# Deemed interest by virtue of his direct substantial shareholding in Telaxis Sdn. Bhd., a substantial shareholder of the Company.

The other director holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

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

Signed in accordance with a resolution of the directors dated 13 April 2018

Dato' Ghazali Bin Mat Ariff

Dato' Lim Yew Boon

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Dato' Ghazali Bin Mat Ariff and Dato' Lim Yew Boon, being two of the directors of Amalgamated Industrial Steel Berhad, state that, in the opinion of the directors, the financial statements set out on pages 53 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 13 April 2018

Dato' Ghazali Bin Mat Ariff | **Dato' Lim Yew Boon**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Leong Hock Cheong, being the officer primarily responsible for the financial management of Amalgamated Industrial Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 109 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Leong Hock Cheong, I/C No. 580319-10-5933,
at Kuala Lumpur
in the Federal Territory
on this 13 April 2018

Leong Hock Cheong

Before me

Lai Din
Commissioner for Oaths
No. W668

Independent Auditors' Report
To The Members Of Amalgamated Industrial Steel Berhad (Incorporated In Malaysia) (Company No: 9118 – M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Amalgamated Industrial Steel Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 109.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Fair Value of Investment Properties Refer to Note 6 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group's investment properties are stated at fair value. The fair value of the investment properties were determined based on valuation performed by an independent firm of professional valuers. The carrying value of investment properties as at 31 December 2017 amounted to RM 76.5 million. We focused on the abovementioned area in our audit due to the size of the carrying amount of this asset which constituted approximately 50% of the Group's total assets as at 31 December 2017. In addition, the valuation of this asset involved significant judgements and estimates which are based on current and future market or economic conditions.	Our procedures included, amongst others:- (a) We evaluated the objectivity, independence and capabilities of the professional valuers; (b) We assessed the appropriateness of the valuation model, property related data, including estimates used by the professional valuers; and (c) We assessed the reasonableness of the assumptions used in the valuation and judgements made.

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 auditor's 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.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As a 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 skepticism throughout the audit. We also:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As a 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 skepticism throughout the audit. We also (Cont'd):

(d) 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.

(e) 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.

(f) 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.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Ooi Song Wan
Approval No: 02901/10/2018 J
Chartered Accountant

Kuala Lumpur
16 April 2018

Statements Of Financial Position
At 31 December 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	573,242	1,258,533	483,041	123,922
Investment properties	6	76,500,000	66,000,000	76,500,000	66,000,000
Investments in subsidiaries	7	-	-	945,434	2
Other investment	8	12,182	12,545	12,182	12,545
Other assets		32,060	32,060	19,060	19,060
		77,117,484	67,303,138	77,959,717	66,155,529
CURRENT ASSETS					
Property development costs	9	21,015,509	-	-	-
Inventories	10	1,208,101	14,239,425	-	-
Trade and other receivables	11	709,384	22,265,033	394,512	1,801,248
Amount owing by subsidiaries	12	-	-	20,983,203	9,491,105
Current tax assets		18,857	30,974	-	12,994
Cash and bank balances	13	51,671,718	14,069,654	50,581,297	9,447,692
		74,623,569	50,605,086	71,959,012	20,753,039
Non-current assets classified as held for sale	14	-	62,409,679	-	61,700,000
TOTAL ASSETS		151,741,053	180,317,903	149,918,729	148,608,568

The annexed notes form an integral part of these financial statements.

Statements Of Financial Position
At 31 December 2017
(Cont'd)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	19,566,458	13,187,497	19,566,458	13,187,497
Reserves	16	126,168,378	119,955,778	126,710,751	125,757,365
Treasury shares	17	(3,724,544)	(3,724,544)	(3,724,544)	(3,724,544)
TOTAL EQUITY		142,010,292	129,418,731	142,552,665	135,220,318
NON-CURRENT LIABILITIES					
Retirement benefit obligations	18	234,384	227,864	-	-
Deferred tax liabilities	19	5,479,899	8,689,094	5,323,457	5,765,128
		5,714,283	8,916,958	5,323,457	5,765,128
CURRENT LIABILITIES					
Trade and other payables	20	3,135,027	15,442,214	2,018,087	6,223,122
Amount owing to a related party	21	856,931	-	-	-
Bank borrowings	22	-	26,540,000	-	1,400,000
Current tax liabilities		24,520	-	24,520	-
		4,016,478	41,982,214	2,042,607	7,623,122
TOTAL LIABILITIES		9,730,761	50,899,172	7,366,064	13,388,250
TOTAL EQUITY AND LIABILITIES		151,741,053	180,317,903	149,918,729	148,608,568

The annexed notes form an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income
For The Financial Year Ended 31 December 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
REVENUE	23	19,740,432	57,835,783	-	-
COST OF SALES		(17,890,155)	(48,952,804)	-	-
GROSS PROFIT		1,850,277	8,882,979	-	-
OTHER INCOME	24	12,834,262	248,870	7,354,957	1,595,957
		14,684,539	9,131,849	7,354,957	1,595,957
SELLING AND DISTRIBUTION EXPENSES		(140,101)	(1,078,461)	-	-
ADMINISTRATIVE EXPENSES		(11,114,290)	(6,374,938)	(6,851,417)	(2,304,924)
PROFIT/(LOSS) FROM OPERATIONS		3,430,148	1,678,450	503,540	(708,967)
FAIR VALUE GAIN ON INVESTMENT PROPERTY		3,086,244	5,000,000	3,086,244	18,700,000
FINANCE COSTS		(591,120)	(1,397,415)	-	-
PROFIT BEFORE TAXATION	25	5,925,272	5,281,035	3,589,784	17,991,033
INCOME TAX EXPENSE	26	348,021	(646,637)	(2,575,705)	(1,331,877)
PROFIT AFTER TAXATION		6,273,293	4,634,398	1,014,079	16,659,156
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		-	11,428,392	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		6,273,293	16,062,790	1,014,079	16,659,156

The annexed notes form an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2017 (Cont'd)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		6,273,293	4,634,398	1,014,079	16,659,156
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		6,273,293	16,062,790	1,014,079	16,659,156
EARNINGS PER SHARE (SEN)	27				
- Basic		4.74	3.71		
- Diluted		4.74	3.71		

The annexed notes form an integral part of these financial statements.

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

The Group	Note	Share Capital RM	Treasury Share RM	Share Premium RM	Asset Revaluation Reserve RM	Capital Reserve RM	Retained Profits RM	Total Equity RM
				<------------- Non-distributable ------------->			Distributable	
Balance at 1.1.2016		13,187,497	(3,724,544)	2,655,217	50,203,610	48,208,750	2,825,411	113,355,941
Realisation of reserve on amortisation of revalued property		-	-	-	(706,462)	-	706,462	-
Profit after taxation for the financial year		-	-	-	-	-	4,634,398	4,634,398
Other comprehensive income for the financial year								
- Revaluation of property		-	-	-	11,428,392	-	-	11,428,392
Total comprehensive income for the financial year		-	-	-	11,428,392	-	4,634,398	16,062,790
Balance at 31.12.2016/1.1.2017		13,187,497	(3,724,544)	2,655,217	60,925,540	48,208,750	8,166,271	129,418,731
Realisation of reserve on disposal of revalued property		-	-	-	(36,385,772)	-	36,385,772	-
Profit after taxation for the financial year		-	-	-	-	-	6,273,293	6,273,293
Contributions by owners of the Company								
- Issuance of ordinary shares pursuant to private placement	15	6,378,961	-	-	-	-	-	6,378,961
- Expenses related to share issue		-	-	(60,693)	-	-	-	(60,693)
Total transactions with owners		6,378,961	-	(60,693)	-	-	-	6,318,268
Balance at 31.12.2017		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	50,825,336	142,010,292

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

				< ------------- Non-distributable	------------- >		Distributable	
The Company	Note	Share Capital RM	Treasury Share RM	Share Premium RM	Asset Revaluation Reserve RM	Capital Reserve RM	Retained Profits RM	Total Equity RM
Balance at 1.1.2016		13,187,497	(3,724,544)	2,655,217	48,286,324	48,208,750	9,947,918	118,561,162
Realisation of reserve on amortisation of revalued properties		-	-	-	(690,209)	-	690,209	-
Profit after taxation for the financial year/Total comprehensive income for the financial year		-	-	-	-	-	16,659,156	16,659,156
Balance at 31.12.2016/1.1.2017		13,187,497	(3,724,544)	2,655,217	47,596,115	48,208,750	27,297,283	135,220,318
Realisation of reserve on disposal of revalued property		-	-	-	(23,056,347)	-	23,056,347	-
Profit after taxation for the financial year		-	-	-	-	-	1,014,079	1,014,079
Contributions by owners of the Company								
- Issuance of ordinary shares pursuant to private placement	15	6,378,961	-	-	-	-	-	6,378,961
- Expenses related to share issue		-	-	(60,693)	-	-	-	(60,693)
Total transactions with owners		6,378,961	-	(60,693)	-	-	-	6,318,268
Balance at 31.12.2017		19,566,458	(3,724,544)	2,594,524	24,539,768	48,208,750	51,367,709	142,552,665

The annexed notes form an integral part of these financial statements.

Statements Of Cash Flows
For The Financial Year Ended 31 December 2017

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit before taxation		5,925,272	5,281,035	3,589,784	17,991,033
Adjustments for:-					
Amortisation of club membership		363	364	363	364
Depreciation of property, plant and equipment		173,756	512,054	60,536	71,210
Impairment loss:					
- amount owing by subsidiaries		-	-	2,503,619	-
- trade receivables		408,332	395,199	-	-
Interest expense		591,120	1,397,415	-	-
Inventories written down		487,747	14,030	-	-
Inventories written off		134,585	11	-	-
Plant and equipment written off		938,633	-	59,003	-
Retirement benefit obligations		33,492	41,619	-	(2,125)
Fair value gain on investment properties		(3,086,244)	(5,000,000)	(3,086,244)	(18,700,000)
(Gain)/Loss on disposal of property, plant and machinery		(11,696,003)	883	(6,261,994)	-
Interest income		(1,067,947)	(107,111)	(1,066,779)	(102,802)
Unrealised gain on foreign exchange		-	(105,972)	-	-
Operating (loss)/profit before working capital changes		(7,156,894)	2,429,527	(4,201,712)	(742,320)
Increase in property development costs		(486,145)	-	-	-
Decrease in inventories		12,408,992	1,538,888	-	-
Decrease/(Increase) in trade and other receivables		21,147,317	(1,721,170)	1,406,736	(1,389,355)
(Decrease)/Increase in trade and other payables		(32,004,192)	12,371,053	(4,205,035)	5,799,013
Increase in amount owing to a related party		856,931	-	-	-
CASH (FOR)/FROM OPERATIONS		(5,233,991)	14,618,298	(7,000,011)	3,667,338
Income tax refund		1,052	45,350	-	45,350
Income tax paid		(30,069)	(13,669)	(27,982)	(12,994)
Interest paid		(591,120)	(1,397,415)	-	-
Real property gains tax paid		(2,951,880)	-	(2,951,880)	-
Retirement benefits paid		(26,972)	(26,107)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(8,832,980)	13,226,457	(9,979,873)	3,699,694

The annexed notes form an integral part of these financial statements.

Statements Of Cash Flows
For The Financial Year Ended 31 December 2017 (Cont'd)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash in bank acquired	28	(675,999)	-	(709,435)	(2)
Additional investment in an existing subsidiary		-	-	(235,997)	-
Additional cost incurred for investment properties		(7,413,756)	-	(7,413,756)	-
(Advances to)/Repayment from subsidiaries		-	-	(13,995,717)	3,868,685
Interest income received		1,067,947	107,111	1,066,779	102,802
Proceeds from disposal of property, plant and equipment		74,205,344	2,000	67,965,349	-
Purchase of equipment		(526,760)	-	(482,013)	-
Purchase of other assets		-	(8,055)	-	(8,055)
NET CASH FROM INVESTING ACTIVITIES		66,656,776	101,056	46,195,210	3,963,430
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Drawdown of bank borrowings		22,480,000	58,780,000	-	3,760,000
Proceeds from issuance of shares pursuant to private placement, net of expenses		6,318,268	-	6,318,268	-
Repayment of bank borrowings		(49,020,000)	(61,960,000)	(1,400,000)	(2,360,000)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(20,221,732)	(3,180,000)	4,918,268	1,400,000
NET INCREASE IN CASH AND BANK BALANCES		37,602,064	10,147,513	41,133,605	9,063,124
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR		14,069,654	3,922,141	9,447,692	384,568
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR		51,671,718	14,069,654	50,581,297	9,447,692

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business is located at No. 24-7, Level 7, Jalan USJ 9/5T, Subang Business Centre, 47620 Subang Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 13 April 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The Company had on 16 February 2015 obtained shareholders' approval to diversify into property development business.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 - 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

During the financial year, the Group and the Company have early adopted MFRS 15 *Revenue from Contracts with Customers*. The adoption of this MFRS required the Group to recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. There is no material impact on the Group's financial statements on the early adoption of MFRS 15.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial year (Cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

(i) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Based on the assessment completed to date, the Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

(ii) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group anticipates that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group as at the reporting date are RM18,857 and RM24,520 (2016 - RM30,974 and Nil).

(c) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining factors used in the valuation process as disclosed in Note 6 to the financial statements.

(d) Impairment of Non-financial Assets

The Group determines whether its non-financial assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of non-financial assets as at the reporting date are disclosed in notes to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

(f) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 11 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment properties.

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) 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 asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

As at the end of reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of reporting period, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assewtts (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in 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 or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than leasehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Leasehold land and buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of revaluation.

Leasehold land and buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that they reverse a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period
Buildings	2%
Plant and machinery	10%
Electrical installations	10%
Factory equipment, furniture and fittings	10%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	25%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

4.7 INVESTMENT PROPERTIES

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

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in 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 to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount 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 are not reversed in subsequent periods.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is carried of cost less any accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realised value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

4.10 PROPERTY DEVELOPMENT COSTS

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and are carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in profit or loss are determined by reference to the stage of completion of development activity at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense immediately, including costs to be incurred over the defects liability period.

4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost method and comprises the purchase price, and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 CASH AND CASH EQUIVALENTS

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

4.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.15 INCOME TAXES

(a) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax are recognised using the liability method of all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, 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 with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Defined Benefit Plan

In addition to the statutory contribution to Employees' Provident Fund, the Group operates an unfunded benefit plan. Retirement gratuities are payable to eligible employees who have been in service for at least seven years upon their retirement or resignation.

(d) Termination Benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

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

4.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

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

4.20 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, and cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(b) Rental Income

Rental income is recognised on an accrual basis.

(c) Interest Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

5. PROPERTY, PLANT AND EQUIPMENT

The Group	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
2017							
Cost							
At 1 January							
Cost	16,064,467	1,213,566	2,086,044	883,915	442,543	-	20,690,535
Additions	-	151,377	-	273,793	-	101,590	526,760
Disposals	(13,931,982)	-	(171,987)	(169,793)	(165,710)	-	(14,439,472)
Written off	(2,132,485)	(1,213,566)	(1,914,057)	(162,518)	-	-	(5,422,626)
	-	151,377	-	825,397	276,833	101,590	1,355,197
At 31 December							
Cost	-	151,377	-	825,397	276,833	101,590	1,355,197

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
2017							
Accumulated depreciation							
At 1 January	15,952,056	967,980	1,380,468	658,959	442,538	-	19,402,001
Charge for the year	60,223	22,538	11,482	74,433	-	5,080	173,756
Disposals	(13,879,794)	-	(127,868)	(166,441)	(165,707)	-	(14,339,810)
Written off	(2,132,485)	(982,949)	(1,264,082)	(104,477)	-	-	(4,483,993)
At 31 December	-	7,569	-	462,474	276,831	5,080	751,954
Accumulated impairment loss							
At 1 January/31 December	-	-	-	30,001	-	-	30,001
Net book value							
At 31 December	-	143,808	-	332,922	2	96,510	573,242

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Long-term leasehold land RM	Buildings RM	Plant and Machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
2016								
Cost								
At 1 January								
Cost	-	-	20,913,248	1,213,566	3,253,466	883,915	442,543	26,706,738
Valuation	39,283,338	11,024,356	-	-	-	-	-	50,307,694
	39,283,338	11,024,356	20,913,248	1,213,566	3,253,466	883,915	442,543	77,014,432
Disposals	-	-	-	-	(3,566)	-	-	(3,566)
Surplus on revaluation during the year	11,791,220	3,246,138	-	-	-	-	-	15,037,358
Transfer to held for sale (Note 14)	(51,074,558)	(14,270,494)	(4,848,781)	-	(1,163,856)	-	-	(71,357,689)
	-	-	16,064,467	1,213,566	2,086,044	883,915	442,543	20,690,535
At 31 December								
Cost	-	-	16,064,467	1,213,566	2,086,044	883,915	442,543	20,690,535

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Long-term leasehold land RM	Buildings RM	Plant and Machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
2016								
Accumulated depreciation								
At 1 January	2,332,175	867,091	20,209,656	946,068	2,476,696	564,416	442,538	27,838,640
Charge for the year	416,797	125,850	(215,336)	21,912	68,288	94,543	-	512,054
Disposals	-	-	-	-	(683)	-	-	(683)
Transfer to held for sale (Note 14)	(2,748,972)	(992,941)	(4,042,264)	-	(1,163,833)	-	-	(8,948,010)
At 31 December	-	-	15,952,056	967,980	1,380,468	658,959	442,538	19,402,001
Accumulated impairment loss								
At 1 January/31 December	-	-	-	-	-	30,001	-	30,001
Net book value								
At 31 December	-	-	112,411	245,586	705,576	194,955	5	1,258,533

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Electrical installations RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Office renovation RM	Total RM
2017					
Cost					
At 1 January	299,721	713,715	442,543	-	1,455,979
Additions	151,377	229,046	-	101,590	482,013
Disposals	-	(169,793)	(165,710)	-	(335,503)
Written off	(299,721)	(162,518)	-	-	(462,239)
At 31 December	151,377	610,450	276,833	101,590	1,140,250
Accumulated depreciation					
At 1 January	298,626	590,893	442,538	-	1,332,057
Charge for the year	7,702	47,754	-	5,080	60,536
Disposal	-	(166,441)	(165,707)	-	(332,148)
Written off	(298,759)	(104,477)	-	-	(403,236)
At 31 December	7,569	367,729	276,831	5,080	657,209
Net carrying amount					
At 31 December	143,808	242,721	2	96,510	483,041

The Company	Electrical installations RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
2016				
Cost				
At 1 January/31 December	299,721	713,715	442,543	1,455,979
Accumulated depreciation				
At 1 January	298,359	519,950	442,538	1,260,847
Charge for the year	267	70,943	-	71,210
At 31 December	298,626	590,893	442,538	1,332,057
Net carrying amount				
At 31 December	1,095	122,822	5	123,922

6. INVESTMENT PROPERTY

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	66,000,000	61,000,000	66,000,000	109,000,000
Fair value adjustments	3,086,244	5,000,000	3,086,244	18,700,000
Additions	7,413,756	-	7,413,756	-
Reclassified as held for sale (Note 14)	-	-	-	(61,700,000)
At 31 December	76,500,000	66,000,000	76,500,000	66,000,000

The following investment properties are held under lease terms:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Leasehold land	62,600,000	60,000,000	62,600,000	60,000,000
Buildings	13,900,000	6,000,000	13,900,000	6,000,000
	76,500,000	66,000,000	76,500,000	66,000,000

The following are recognised in profit or loss in respect of investment properties:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	(20,870)	-	(20,870)	(1,490,400)
Direct operating expenses				
- generating income	240,158	-	240,158	304,139
- non-generating income	139,659	173,076	139,659	173,076

Investment properties are stated at fair value, which have been determined based on valuation performed by an independent firm of professional valuers who have appropriate professional qualification. The fair values of the investment properties were determined using cost and sales comparison approach. This valuation approach seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties in the vicinity. Sales price of comparable properties in close proximity are adjusted for difference in key attributes such as location, size, time and tenure.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

7. INVESTMENTS IN SUBSIDIARIES

	The Company 2017 RM	The Company 2016 RM
Unquoted shares, at cost	4,959,437	4,014,005
Allowance for impairment losses	(4,014,003)	(4,014,003)
	945,434	2
Allowance for impairment losses:-		
At 1 January/31 December	(4,014,003)	(4,014,003)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital held by Parent 2017 %	Percentage of Issued Share Capital held by Parent 2016 %	Principal Activities
AIS Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of steel-related products, mainly black welded steel galvanised industrial pipes, square and rectangular hollow tubes and conduits.
Parkwood Developments Sdn. Bhd.	Malaysia	100	100	Project management activities.
Parkwood Damansara Sdn. Bhd.	Malaysia	100	100	Civil engineering and contractors.
Parkwood Sdn. Bhd.	Malaysia	100	-	Property development.

(a) On 29 November 2017, Parkwood Developments Sdn. Bhd. increased its issued and paid-up share capital from RM14,003 to RM250,000 by way of an issuance of 235,997 new ordinary shares for a total cash consideration of RM235,997. The Company subscribed for the increase in share capital to retain the equity interest of 100%.

(b) On 4 December 2017, the Company acquired 100,000 ordinary shares for a total cash consideration of RM709,435, representing 100% of the total issued and paid up share capital of Parkwood Sdn. Bhd. The details of the acquisition are disclosed in Note 28 to the financial statements.

8. OTHER INVESTMENT

	The Group/The Company 2017 RM	2016 RM
Available-for-sale financial asset		
- Transferable club membership	12,182	12,545

Investment in transferable club membership of the Group and the Company are designated as available-for-sale financial asset but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the investment.

9. PROPERTY DEVELOPMENT COSTS

	The Group 2017 RM	2016 RM
At 1 January	-	-
Acquisition of a subsidiary (Note 28):		
- land held for development	19,395,137	-
- property development costs	1,134,227	-
Addition during the financial year:		
- property development costs	486,145	-
At 31 December	21,015,509	-

10. INVENTORIES

	The Group 2017 RM	2016 RM
Raw materials	-	4,728,019
Consumable stocks	325,165	1,296,848
Work-in-progress	-	1,090,426
Finished goods:		
- manufactures	-	7,065,907
- trading	882,936	58,225
	1,208,101	14,239,425
Recognised in profit or loss:-		
Inventories recognised as cost of sales	17,890,155	48,952,804
Amount written down to net realisable value	487,747	14,030
Inventories written off	134,585	11

11. TRADE AND OTHER RECEIVABLES

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Gross trade receivables	1,056,671	18,418,544	-	-
Allowance for impairment losses	(803,531)	(395,199)	-	-
	253,140	18,023,345	-	-
Other receivables	121,383	2,274,729	88,169	187,753
Deposits	263,812	325,943	248,812	323,543
Prepayments	71,049	1,641,016	57,531	1,289,952
	709,384	22,265,033	394,512	1,801,248
Allowance for impairment losses:-				
At 1 January	(395,199)	(786,065)	-	(786,065)
Addition during the financial year	(408,332)	(395,199)	-	-
Written off during the financial year	-	786,065	-	786,065
At 31 December	(803,531)	(395,199)	-	-

Included in trade receivables at the end of the reporting period was an amount of RM 65,522 (2016 – Nil) which represented an amount owing by a related party.

All customers are granted credit periods ranging from 7 to 60 days (2016 - 30 to 60 days). Late interest is charged at 1.5% (2016 - 1.5%) per month on the overdue balances.

12. AMOUNT OWING BY SUBSIDIARIES

	The Company 2017 RM	The Company 2016 RM
Trade balances	2,054,890	2,054,890
Non-trade balances	22,270,831	8,275,114
	24,325,721	10,330,004
Allowance for impairment losses	(3,342,518)	(838,899)
	20,983,203	9,491,105
Allowance for impairment losses:-		
At 1 January/31 December	(838,899)	(838,899)
Addition during the financial year	(2,503,619)	-
At 31 December	(3,342,518)	(838,899)

The trade accounts are expected to be settled within the normal credit periods.

The non-trade balances are unsecured, interest-free and receivable on demand. The amounts owing are to be settled in cash.

13. CASH AND BANK BALANCES

Included in the cash and bank balances is the following:-

	The Group/The Company	
	2017	2016
	RM	RM
Short-term cash investments	50,064,525	9,210,016

The short-term cash investments represent investment in highly liquid money market. These investments are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. The short-term cash investments bore effective interest rates ranging from 2.55% to 3.48% (2016 - 2.75%) per annum.

14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

At the end of the previous reporting period, certain plant and equipment had been presented in the statement of financial position as "Non-current asset classified as held for sale" as a result of the disposal. The disposal transactions were completed during the reporting period.

The movements of the non-current asset were as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Assets				
At 1 January	62,409,679	-	61,700,000	-
Transfer from property, plant and equipment (Note 5):-				
- Cost	-	71,357,689	-	-
- Accumulated depreciation	-	(8,948,010)	-	-
	-	62,409,679	-	-
Transfer from investment property (Note 6)	-	-	-	61,700,000
Disposals	(62,409,479)	-	(61,700,000)	-
At 31 December	-	62,409,679	-	61,700,000

15. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

Authorised	2017 Number of Shares	2016 Number of Shares	2017 RM	2016 RM
Ordinary shares of RM1 each	N/A	1,000,000,000	N/A	1,000,000,000

N/A - Not applicable pursuant to Companies Act, 2016 which came into operation on 31 January 2017 as disclosed in item (ii) below.

Issued and Fully Paid-Up	2017 Number of Shares	2016 Number of Shares	2017 RM	2016 RM
Ordinary Shares with no Par Value (2016 - Par Value of RM0.10 each)				
At 1 January	131,874,975	131,874,975	13,187,497	13,187,497
Issuance of shares pursuant to private placement	12,507,767	-	6,378,961	-
At 31 December	144,382,742	131,874,975	19,566,458	13,187,497

(i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act, 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

During the current financial year, the Company increased its issued and paid-up share capital from RM13,187,497 to RM19,566,458 by way of an issuance of 12,507,767 new ordinary shares at an issue price of RM0.51 per ordinary share via a private placement for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

16. RESERVES

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Share premium	16.1	2,594,524	2,655,217	2,594,524	2,655,217
Asset revaluation reserve	16.2	24,539,768	60,925,540	24,539,768	47,596,115
Capital reserve	16.3	48,208,750	48,208,750	48,208,750	48,208,750
Retained profits		50,825,336	8,166,271	51,367,709	27,297,283
		126,168,378	119,955,778	126,710,751	125,757,365

16. RESERVES (CONT'D)

16.1 SHARE PREMIUM

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act, 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

16.2 ASSET REVALUATION RESERVE

The asset revaluation reserve represents the increase in the fair value of leasehold land and buildings of the Group and the Company (net of deferred tax, where applicable).

16.3 CAPITAL RESERVE

The capital reserve represents the credit arising from the par value reduction by way of cancellation of RM0.40 from the par value of RM0.50 to RM0.10 of each existing ordinary share of the Company.

17. TREASURY SHARES

	The Group/The Company			
	2017	2016	2017	2016
	Number of Ordinary Shares		RM	RM
At 1 January/31 December	6,797,300	6,797,300	3,724,544	3,724,544

There were no ordinary shares repurchased during the year. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 127(6) of the Companies Act, 2016. Treasury shares have no rights to vote, dividends and participation in other distribution.

18. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined retirement benefit plan for eligible employees.

The movements during the financial year and the amounts recognised in the statements of financial position are as follows:-

	The Group	
	2017 RM	2016 RM
At 1 January	227,864	212,352
Charged to profit or loss	33,492	43,744
Reversal of amount not utilised	-	(2,125)
Retirement benefit paid	(26,972)	(26,107)
At 31 December	234,384	227,864

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	The Company	
	2017 RM	2016 RM
At 1 January	-	196,752
Reversal of amount not utilised	-	(2,125)
Transfer to subsidiary	-	(194,627)
At 31 December	-	-

The amounts recognised in the statements of financial position are determined as follows:

	The Group	
	2017 RM	2016 RM
Present value of unfunded obligations	234,384	227,864

The amounts recognised in the profit or loss are as follows:

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current service cost	10,995	14,360	-	-
Interest cost	22,497	29,384	-	-
Reversal of past service cost not required	-	(2,125)	-	(2,125)
	33,492	41,619	-	(2,125)

The above amounts that have been recognised in profit or loss were included in administrative expenses.

The principal actuarial assumptions used in respect of the unfunded defined benefit plan were as follows:

	The Group	
	2017 RM	2016 RM
Discount rate	5.0%	5.0%
Expected rate of salary increases	4.0%	4.0%

19. DEFERRED TAX LIABILITIES

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
At 1 January	8,689,094	4,433,251	5,765,128	4,433,251
Recognised in profit or loss (Note 26)	(3,365,637)	646,877	(441,671)	1,331,877
Recognised in other comprehensive income	-	3,608,966	-	-
Acquisition of a subsidiary	156,442	-	-	-
At 31 December	5,479,899	8,689,094	5,323,457	5,765,128

The deferred tax liabilities/assets are attributable to the following:-

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Deferred tax liabilities:-				
Excess of net carrying amount over tax written down value of property, plant and equipment, and investment properties	2,945,776	2,792,985	2,945,776	2,792,985
Asset revaluation surplus	1,794,254	13,679,002	1,794,254	9,570,036
Fair value gain on investment properties	583,427	583,427	583,427	1,768,427
Fair value adjustment on land held for property development through acquisition of a subsidiary	156,442	-	-	-
	5,479,899	17,055,414	5,323,457	14,131,448
Deferred tax assets:-				
Unutilised tax losses	-	(7,896,368)	-	(7,896,368)
Unabsorbed capital allowance	-	(437,901)	-	(437,901)
Others	-	(32,051)	-	(32,051)
	-	(8,366,320)	-	(8,366,320)
	5,479,899	8,689,094	5,323,457	5,765,128

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	102,460	6,235,547	-	-
Other payables	1,106,787	8,205,541	854,844	5,801,737
Accruals	1,925,780	1,001,126	1,163,243	421,385
	3,135,027	15,442,214	2,018,087	6,223,122

The normal credit terms granted by suppliers range from 5 to 60 days (2016 - 5 to 60 days).

In the previous financial year, included in other payables of the Group and of the Company was an amount of RM4,865,000 which represented deposits received from the purchaser in relation to the disposal of long-term leasehold land and buildings.

21. AMOUNT OWING TO A RELATED PARTY

The amount owing represents advances made for goods purchased. The amount owing is to be set-off upon delivery of goods.

22. BANK BORROWINGS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Bankers' acceptances	-	23,040,000	-	1,400,000
Revolving credit	-	3,500,000	-	-
	-	26,540,000	-	1,400,000

In the previous financial year:-

(a) Bankers' acceptances were subjected to interest rates ranging from 1% to 1.5% plus cost of fund. The effective interest rates ranged from 4.50% to 5.61% per annum;

(b) Revolving credits were subjected to an interest rate of 1.25% plus cost of fund. The effective interest rates ranged from 4.98% to 5.04% per annum; and

(c) The bank borrowings were secured and covered by negative pledges on the assets of the Group and of the Company.

The bank borrowings were settled during the financial year.

23. REVENUE

Revenue represents the invoiced value of goods sold net of returns and discounts.

24. OTHER INCOME

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Included in other income are the following items:-				
Gain on disposal of property, plant and equipment	11,696,003	-	6,261,994	-
Interest income on financial assets not measured at fair value through profit or loss				
- deposit with licensed banks	1,066,779	102,802	1,066,779	102,802
- others	1,168	4,309	-	-
Rental income from investment property	20,870	-	20,870	1,490,400
Unrealised gain on foreign exchange	-	105,972	-	-

25. PROFIT BEFORE TAXATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
In addition to those disclosed in Note 24 to the financial statements, profit before taxation is arrived at after charging:-				
Amortisation of club membership	363	364	363	364
Auditors' remuneration:				
- audit fees	97,000	95,000	40,000	40,000
- non-audit fees:				
- auditors of the Company	3,000	5,000	3,000	5,000
Depreciation of property, plant and equipment	173,756	512,054	60,536	71,210
Directors' remuneration (Note 30)	741,792	557,100	741,792	557,100
Fees payable to a company in which a director has a substantial financial interest	24,000	24,000	24,000	24,000
Impairment losses on:				
- amount owing by subsidiaries	-	-	2,503,619	-
- trade receivables	408,332	395,199	-	-
Interest expense on financial liabilities not measured at fair value through profit or loss:				
- bankers' acceptances	449,069	946,166	-	-
- revolving credit	79,045	223,242	-	-
- others	63,006	228,007	-	-
Inventories written down	487,747	14,030	-	-
Inventories written off	134,585	11	-	-
Loss on disposal of consumable stocks	61,917	-	-	-
Loss on disposal of property, plant and equipment	-	883	-	-
Office rental	70,000	-	35,000	-
Plant and equipment written off	938,633	-	59,003	-

25. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
In addition to those disclosed in Note 24 to the financial statements, profit before taxation is arrived at after charging (Cont'd):-				
Realised loss on foreign exchange	23,495	403,969	-	-
Staff costs:				
- defined contribution plan	354,867	564,347	109,237	81,304
- retirement benefit obligations	33,492	41,619	-	(2,125)
- salaries and others benefits	3,119,350	4,399,932	963,514	688,739
- retrenchment benefit	2,641,954	-	53,422	-

26. INCOME TAX EXPENSE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current tax expense	65,736	(240)	65,496	-
Real property gains tax ("RPGT")	2,951,880	-	2,951,880	-
Deferred tax expense (Note 19):				
- origination and reversal of temporary differences	(2,154,509)	(1,060,362)	(2,087,641)	(375,362)
- (Over)/underprovision in previous financial years	(1,211,128)	1,707,239	1,645,970	1,707,239
	(3,365,637)	646,877	(441,671)	1,331,877
	(348,021)	646,637	2,575,705	1,331,877

26. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Profit before taxation	5,925,272	5,281,035	3,589,784	17,991,033
Tax at the statutory tax rate of 24%	1,422,065	1,267,448	861,548	4,317,848
Tax effects of:				
Non-deductible expenses	1,046,252	806,428	1,482,767	842,028
Non-taxable gain	(2,549,467)	(1,872,000)	(1,753,873)	(1,872,000)
Crystalisation of deferred tax liabilities on amortisation of revalued properties	(29,656)	(110,238)	(29,656)	(110,238)
Deferred tax asset not recognised during the year	1,560,301	93,451	955,337	-
Utilisation of deferred tax assets previously not recognised	-	(295,691)	-	-
Effects of differential in tax rates on fair value of investment property	(586,388)	(950,000)	(586,388)	(3,553,000)
(Over)/Underprovision in previous financial years:				
- deferred tax	(1,211,128)	1,707,239	1,645,970	1,707,239
Income tax expense for the financial year	(348,021)	646,637	2,575,705	1,331,877

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

No deferred tax assets are recognised in respect of the following items:

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Unutilised tax losses	40,930,000	35,060,000	27,828,000	24,477,000
Unabsorbed capital allowance	6,289,000	5,640,000	6,220,000	5,589,000
Others	132,000	132,000	132,000	132,000
	47,351,000	40,832,000	34,180,000	30,198,000

27. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share has been calculated based on the consolidated profit after taxation of RM6,273,293 (2016 - consolidated profit after taxation of RM4,634,398) and on 132,354,111 (2016 - 125,077,675) being the weighted average number of ordinary shares during the financial year after deducting treasury shares calculated as follows:

	The Group	
	2017	2016
Number of ordinary shares at 1 January	131,874,975	131,874,975
Add: Effect of private placement	7,276,436	-
Less: Treasury shares	(6,797,300)	(6,797,300)
Weighted average number of ordinary shares	132,354,111	125,077,675
Basic earnings per share (sen)	4.74	3.71

The diluted earnings per share is equal to the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

28. ACQUISITION OF A SUBSIDIARY

On 4 December 2017, the Company completed the acquisition of 100% equity interests in Parkwood Sdn. Bhd. ("Parkwood"). The acquisition of this subsidiary is to enable the Group to expand its business into property development segment.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	The Group 2017 RM
Land held for property development	20,529,364
Current tax assets	82
Cash at bank	33,436
Trade and other payables	(19,697,005)
Deferred tax liabilities	(156,442)
Fair value of net identifiable assets acquired	709,435
Add: Goodwill on acquisition	-
Total purchase consideration, to be settled by cash	709,435
Less: Cash at bank of subsidiary acquired	(33,436)
Net cash outflow from the acquisition of a subsidiary	675,999

28. ACQUISITION OF A SUBSIDIARY (CONT'D)

The acquired subsidiary has contributed the following results to the Group:-

	The Group 2017 RM
Revenue	-
Profit after taxation	14,769

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and loss after taxation would have been RM Nil and RM7,665 respectively.

There were no acquisitions of new subsidiary in the last financial year.

29. CASH FLOW INFORMATION

The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bank borrowings RM	Total RM
2017		
At 1 January	26,540,000	26,540,000
Changes in Financing Cash Flows		
Proceeds from drawdown	22,480,000	22,480,000
Repayment of borrowing principal	(49,020,000)	(49,020,000)
At 31 December	-	-

The Company	Bank borrowings RM	Total RM
2017		
At 1 January	1,400,000	1,400,000
Changes in Financing Cash Flows		
Repayment of borrowing principal	(1,400,000)	(1,400,000)
At 31 December	-	-

Comparative information is not presented by virtue of the exemption given in MFRS 107.

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year is as follows:-

	The Group/The Company 2017 RM	2016 RM
Directors		
Directors of the Company		
Executive Directors		
Short-term employee benefits:		
- fees	24,000	2,000
- salaries, bonuses and other benefits	490,425	317,425
	514,425	319,425
Defined contribution benefits	56,460	32,520
Benefit-in-kind	26,014	19,824
	596,899	371,769
Non-executive Directors		
Short-term employee benefits:		
- fees	72,000	94,000
- salaries, bonuses and other benefits	53,600	64,400
	125,600	158,400
Benefit-in-kind	19,293	26,931
	144,893	185,331
Total directors' remuneration (Note 25)	741,792	557,100

31. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Transactions with related parties				
Taliworks Construction Sdn. Bhd.				
- Sales	702,806	-	-	-
LGB Taliworks Consortium Sdn. Bhd.				
- Sales	121,825	-	-	-
Synergy Estate Sdn. Bhd.				
- Office rental	70,000	-	35,000	-
LGB Holdings Sdn. Bhd.				
- Acquisition of subsidiary	496,605	-	496,605	-
Transactions with a company in which a director has financial interests				
Telaxis Sdn. Bhd.				
- Director's fee	24,000	24,000	24,000	24,000
CSLim Holdings Sdn Bhd				
- Acquisition of subsidiary	212,830	-	212,830	-
Transactions with a legal firm in which as director is a Partner				
Messrs. Ghazali Ariff & Partners				
- Legal fee	67,924	67,924	67,924	67,924
Transactions with subsidiaries				
AIS Manufacturing Sdn. Bhd.				
- Factory and office rental	-	-	-	(1,490,400)
Parkwood Developments Sdn. Bhd.				
- Management fee	-	-	479,511	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

32. CAPITAL COMMITMENT

	The Group/The Company	
	2017	2016
	RM	RM
Capital expenditure relating to the enhancement for the investment property not provided for in the financial statements	-	6,418,000

33. LEASE COMMITMENT

Leases as Lessor

The Group leases out its investment property under a non-cancellable operating lease. The leases have remaining lease periods of 9 years at the end of reporting period. All leases include a clause to enable upward revision of the rental charge on every 3 years based on the rate per square foot of the building as stipulated in the tenancy agreement.

The future minimum lease payments receivable under the non-cancellable operating leases are as follows:-

	The Group/The Company	
	2017	2016
	RM	RM
Not more than 1 year	1,940,940	646,980
Later than 1 year and not later than 5 years	8,281,344	8,108,816
Later than 5 years	9,392,689	11,041,792
	19,614,973	19,797,588

34. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- Steel industry - manufacturing and selling of stainless steel pipes and fittings
- Property development – property development activities

The accounting policies of operating segments are the same as those disclosed in the summary of significant accounting policies.

34. OPERATING SEGMENTS (CONT'D)

The Group evaluates performance on the basis of profit or loss from operations.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment assets exclude tax asset.

Segment liabilities exclude tax liabilities.

34.1 BUSINESS SEGMENTS

2017	Steel Industry RM	Property Development RM	Group RM
Revenue			
External revenue	19,740,432	-	19,740,432
Results			
Segment operating profit	3,415,379	14,769	3,430,148
Finance costs			(591,120)
Income tax expense			348,021
Fair value gain on investment properties			3,086,244
Consolidated profit after taxation			6,273,293
Assets			
Segment assets	130,670,358	21,051,838	151,722,196
Current tax assets			18,857
Consolidated total assets			151,741,053
Liabilities			
Segment liabilities	3,914,922	311,420	4,226,342
Unallocated liabilities:			
- current tax liabilities			24,520
- deferred tax liabilities			5,479,899
Consolidated total liabilities			9,730,761

There was no business segment presented in the previous reporting period as the group was primarily engaged in the steel industry.

34. OPERATING SEGMENTS (CONT'D)

34.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

Group	Revenue 2017 RM	Revenue 2016 RM	Non-current Assets 2017 RM	Non-current Assets 2016 RM
Oversea	-	3,070,624	-	-
Malaysia	19,740,432	54,765,159	77,117,484	67,303,138
	19,740,432	57,835,783	77,117,484	67,303,138

34.3 MAJOR CUSTOMER

There is a major customer with revenue more than 10% of the Group's total revenue:-

	Revenue 2017 RM	Revenue 2016 RM	Segment
Customer #1	6,690,088	-	Steel

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currencies of the entities within the Group. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group does not have any transactions or balances denominated in foreign currency at the end of reporting period and hence, is not exposed to foreign currency risk.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the previous reporting period is summarised below:-

Foreign Currency Exposure

The Group	USD RM	Ringgit Malaysia RM	Total RM
2016			
<u>Financial Assets</u>			
Other investment	-	12,545	12,545
Trade and other receivables	-	20,624,017	20,624,017
Cash and bank balances	-	14,069,654	14,069,654
	-	34,706,216	34,706,216
<u>Financial Liabilities</u>			
Trade and other payables	2,389,900	13,052,314	15,442,214
Bank borrowings	-	26,540,000	26,540,000
	2,389,900	39,592,314	41,982,214
Net financial liabilities	(2,389,900)	(4,886,098)	(7,275,998)
Less: Net financial liabilities denominated in the entities' functional currency	-	4,886,098	4,886,098
Currency Exposure	(2,389,900)	-	(2,389,900)

Foreign Currency Risk Sensitivity Analysis

A 5% strengthening of the RM against the USD at the end of previous reporting period would have decreased profit after taxation by approximately RM90,816. A 5% weakening in the USD would have an equal but opposite effect on the profit after taxation. This assumed that all other variables remain constant.

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

It is the Group's policy not to trade interest rate swap agreements.

The Group does not have any interest-bearing financial liabilities at the end of reporting period and hence, is not exposed to interest rate risk.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the previous reporting period is disclosed in Note 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Effects on Profit After Taxation				
Increase of 50 basis points	-	- 100,852	-	- 5,320
Decrease of 50 basis points	-	+ 100,852	-	+ 5,320

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by a related party and a customer which constituted approximately 62% of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2017				
Not past due	-	-	-	-
Past due:				
- less than 30 days	113,795	-	-	113,795
- between 30 to 90 days	65,399	-	-	65,399
- more than 90 days	877,477	(803,531)	-	73,946
	1,056,671	(803,531)	-	253,140
2016				
Not past due	9,731,236	-	-	9,731,236
Past due:				
- less than 30 days	5,186,949	-	-	5,186,949
- between 30 to 90 days	3,077,431	(9,162)	-	3,068,269
- more than 90 days	422,928	(386,037)	-	36,891
	18,418,544	(395,199)	-	18,023,345

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Trade and other payables	-	3,135,027	3,135,027	3,135,027	-	-
Amount owing to a related party	-	856,931	856,931	856,931	-	-
		3,991,958	3,991,958	3,991,958	-	-
2016						
Non-derivative Financial Liabilities						
Trade and other payables	-	15,442,214	15,442,214	15,442,214	-	-
Bank borrowings	4.50 - 5.61	26,540,000	26,540,000	26,540,000	-	-
		41,982,214	41,982,214	41,982,214	-	-

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Trade and other payables	-	2,018,087	2,018,087	2,018,087	-	-
2016						
Non-derivative Financial Liabilities						
Trade and other payables	-	6,223,122	6,223,122	6,223,122	-	-
Bank borrowings	4.75	1,400,000	1,400,000	1,400,000	-	-
		7,623,122	7,623,122	7,623,122	-	-

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT (CONT'D)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debts include borrowings from financial institutions. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2017 RM	2016 RM
Bank borrowings (Note 22)	-	26,540,000
Total equity	142,010,292	129,418,731
Debt-to-equity ratio (%)	N/A	0.21

There was no change in the Group's approach to capital management during the financial year.

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial Assets				
Available-for-sale Financial Asset				
Other investment	12,182	12,545	12,182	12,545
Loans and Receivables Financial Assets				
Trade and other receivables	638,335	20,624,017	336,981	511,296
Amount owing by subsidiaries	-	-	20,983,203	9,491,105
Cash and bank balances	51,671,718	14,069,654	50,581,297	9,447,692
	52,310,053	34,693,671	71,901,481	19,450,093
Financial Liability				
Other Financial Liabilities				
Trade and other payables	3,135,027	15,442,214	2,018,087	6,223,122
Amount owing to a related party	856,931	-	-	-
Bank borrowings	-	26,540,000	-	1,400,000
	3,991,958	41,982,214	2,018,087	7,623,122

35.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Companies Act, 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act, 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are:-

(i) Removal of the authorised share capital;
(ii) Ordinary shares ceased to have par value; and
(iii) Share premium account transferred to share capital account.

The Companies Act, 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to the financial statements.

(b) On 29 November 2017, Parkwood Developments Sdn. Bhd. increased its issued and paid-up share capital from RM14,003 to RM250,000 by way of an issuance of 235,997 new ordinary shares for a total cash consideration of RM235,997. The Company subscribed for the increase in share capital to retain the equity interest of 100%.

(c) On 4 December 2017, the Company acquired 100,000 ordinary shares for a total cash consideration of RM709,435, representing 100% of the total issued and paid up share capital of Parkwood Sdn. Bhd.

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AMALGAMATED INDUSTRIAL STEEL BERHAD
COMPANY REGISTRATION NO. 9118-M

FORM OF PROXY

FORTY-SEVENTH ANNUAL GENERAL MEETING

[Please read notes carefully before completing this form.]

Number of Ordinary Shares held

*I/*We ______________________________ (NRIC No. ______________) of ______________________________ being the registered holder of ordinary shares in **AMALGAMATED INDUSTRIAL STEEL BERHAD** hereby appoint [1] ______________________________ (NRIC No. ______________) of ______________________________ and /or *[The next name and address should be completed if you wish to appoint two proxies.]*

*[2] ______________________________ (NRIC No. ______________) of ______________________________

as *my/*our proxy/proxies to attend and to vote for *me/*us and on *my/*our behalf at the Forty-Seventh Annual General Meeting of the Company, to be held at Level 3, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur on Wednesday, 27 June 2018 at 11.00 a.m. and at any adjournment thereof.

[The next paragraph should be completed only when two proxies are appointed.]

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows:

First Proxy [1] ____________% Second Proxy [2] ____________%

*[*Delete if not applicable]*

Resolution	Ordinary Business	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees		
Ordinary Resolution 2	To approve and ratify the payment of Directors' benefits (other than Directors' fees)		
Ordinary Resolution 3	To re-elect Tuan Haji Fauzi Bin Mustapha as Director		
Ordinary Resolution 4	To re-elect Datuk Sulaiman Bin Salleh as Director		
Ordinary Resolution 5	To re-appoint Messrs Crowe Horwath as the Company's Auditors		
	Special Business		
Ordinary Resolution 6	To authorise the allotment of shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7	To approve the Proposed Shareholders' Mandate		
Ordinary Resolution 8	To retain Tuan Haji Fauzi Bin Mustapha as Independent Non-Executive Director		
Ordinary Resolution 9	To retain Datuk Sulaiman Bin Salleh as Independent Non-Executive Director		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Dated this................day of.................2018.

____
Signature/Common Seal of Shareholder(s)

NOTES:

1. *In regard of deposited securities, only members whose names appear in the Record of Depositors as at 21 June 2018 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote at the Meeting on his behalf. The proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting 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 appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint at least one proxy in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy must be deposited at the Company's registered office at No. 24-7, Level 7, Jalan USJ 9/5T, Subang Business Centre, 47620 Subang Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.*

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AFFIX
STAMP

The Company Secretary
AMALGAMATED INDUSTRIAL STEEL BERHAD
(Company No: 9118-M)
No. 24-7, Level 7, Jalan USJ 9/5T
Subang Business Centre
47620 Subang Jaya
Selangor Darul Ehsan

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AMALGAMATED INDUSTRIAL STEEL BERHAD (9118-M)
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