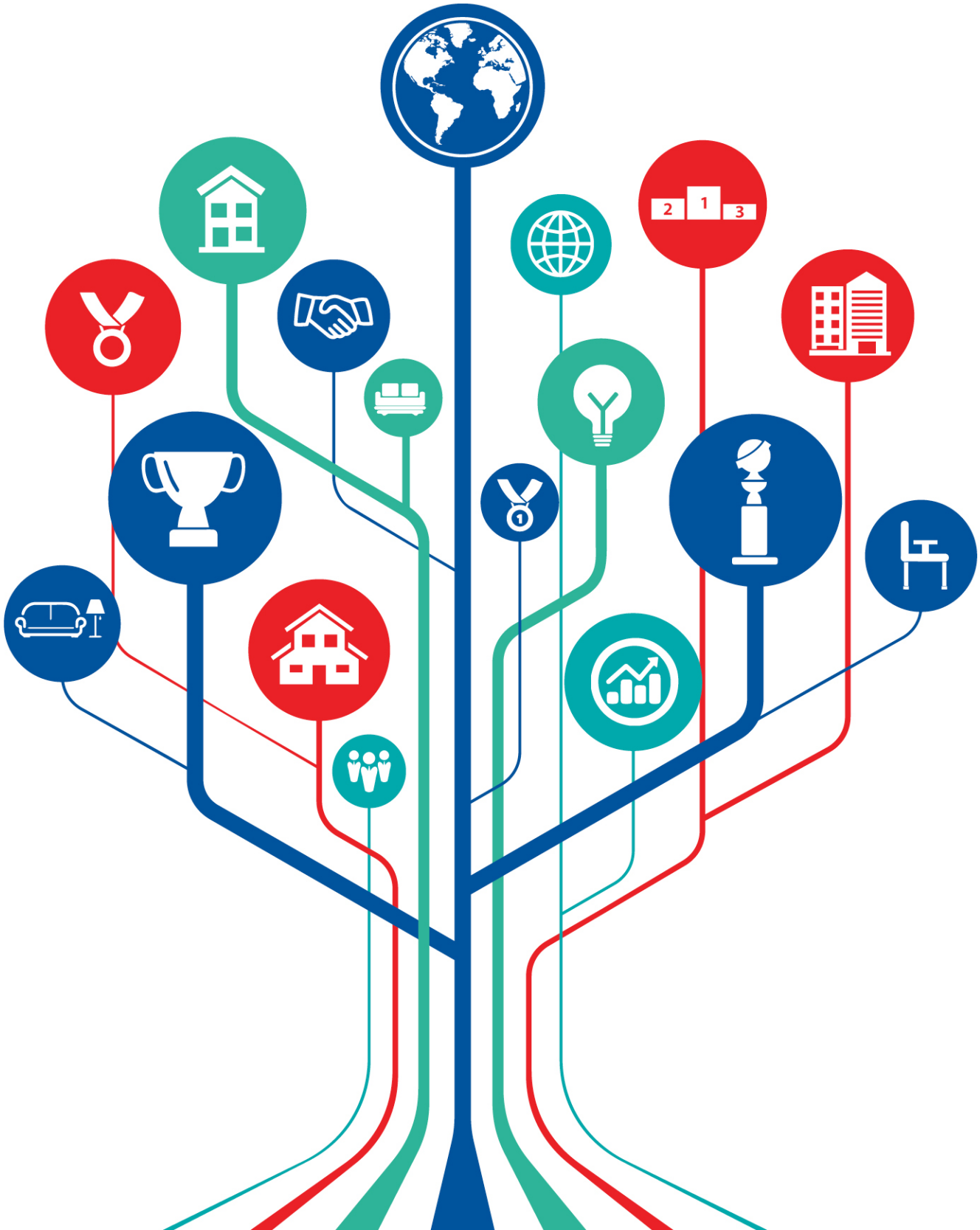
EMICO®

ANNUAL REPORT 2015



OUR MISSION

Dedicated to deliver Innovative, High Quality, Competitive and Value Added Products & Services

OUR VALUES

Our values serve as guidelines for our actions, decisions and behaviours in all our dealings

MOTIVATED

We work together as a high performing team and deliver what we promised

INTEGRITY & INNOVATIVE

We treat our colleagues, customers and business partners with the highest degree of fairness and trust

We strive to develop new products & services and continuously improve the way we do business

FLEXIBLE & FRIENDLY

We are dedicated to support each other as a team and will adapt to changing conditions

RESPONSIBLE & RELIABLE

We operate in a safe, environmentally responsible and compliant manner in all our operations

We take pride in fulfilling our responsibilities & performance

We commit to deliver quality products and services to meet customers' requirements

UNDERSTANDING

We listen to our customers to understand and meet their needs

CONTENTS

BOARD OF DIRECTORS

LIM TEIK HIAN
EXECUTIVE CHAIRMAN

JIMMY ONG CHIN KENG
MANAGING DIRECTOR

LIM TECK CHYE
EXECUTIVE DIRECTOR

WONG SEW YUN
INDEPENDENT NON-EXECUTIVE DIRECTOR

NG CHEE KONG
INDEPENDENT NON-EXECUTIVE DIRECTOR

WONG THAI SUN
INDEPENDENT NON-EXECUTIVE DIRECTOR

AUDIT COMMITTEE
Wong Thai Sun (*Chairman)*
Ng Chee Kong
Wong Sew Yun

NOMINATING COMMITTEE
Ng Chee Kong (*Chairman*)
Wong Thai Sun
Wong Sew Yun

REMUNERATION COMMITTEE
Ng Chee Kong (Chairman)
Jimmy Ong Chin Keng
Wong Thai Sun

RISK MANAGEMENT COMMITTEE
Wong Thai Sun (*Chairman*)
Jimmy Ong Chin Keng
Lim Teck Chye

SECRETARIES
Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

REGISTERED OFFICE
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
T: (60) 4 210 8833
F: (60) 4 210 8831

SHARE REGISTRAR
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
T: (60) 3 2264 3883
F: (60) 3 2282 1886

AUDITORS
BDO (AF0206)
Chartered Accountants
51-21-F Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
T: (60) 4 227 6888
F: (60) 4 229 8118

PRINCIPAL BANKERS
HSBC Bank Malaysia Berhad (127776-V)
CIMB Bank Berhad (13491-P)

STOCK EXCHANGE LISTING
Main Market of the Bursa Malaysia Securities Berhad

STOCK NAME	EMICO
STOCK CODE	9091
SECTOR	Consumer Products


Trophy


Contract Manufacturing


Trading & Sourcing


Property Development

MANUFACTURING

- 100% Emico Penang Sdn Bhd
- 100% Emico Marketing Sdn Bhd
- 100% Emico Metalizing Sdn Bhd
- 100% Emico Co. Ltd.
- 100% ** Emico Creative Design Sdn Bhd
- 100% ** Emico Tools Sdn Bhd
- 53.3% ** Standard Trend Apparel Industries Sdn Bhd

TRADING

- 100% Emico Asia Sdn Bhd
- 100% ** Emico Newk Sdn Bhd
- 51% ** Emico Melaka Sdn Bhd

PROPERTY DEVELOPMENT & INVESTMENT

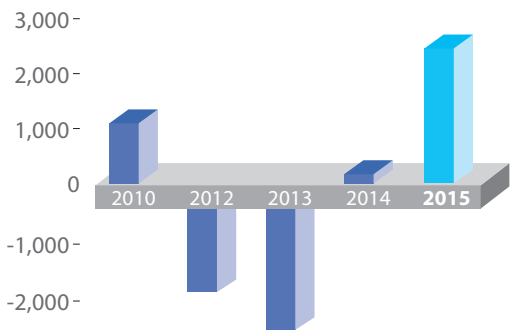
- 100% Emico Development Sdn Bhd
- 100% ** Emico Capital Sdn Bhd
- 71% Mercu Tanah Langkawi Sdn Bhd
- 60% ** NEB Pacific Sdn Bhd
- 60% ** Unic Builders Sdn Bhd
- 60% NEB Development Berhad
- 49.7% Operasi Tembaga Sdn Bhd
- 39.8% PKB - Operasi Tembaga Sdn Bhd

** Dormant / Inactive

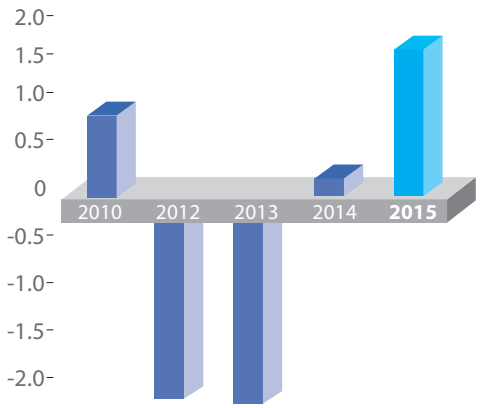
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	FY2010 (12 months) RM'000	FY2012 (15 months) RM'000	FY2013 (12 months) RM'000	FY2014 (12 months) RM'000	FY2015 (12 months) RM'000
Revenue	64,730	87,503	77,650	69,261	**75,435**
Profit/(Loss) Before Tax	1,328	(1,534)	(2,351)	103	**2,618**
Share Capital	95,927	95,927	95,927	95,927	**95,927**
Net Assets	26,821	34,300	31,850	32,178	**36,294**
Net Assets Per Share (SEN)	0.27	0.35	0.33	0.33	**0.37**
Net Earnings Per Share (SEN)	1.10	(2.05)	(2.06)	0.34	**1.87**

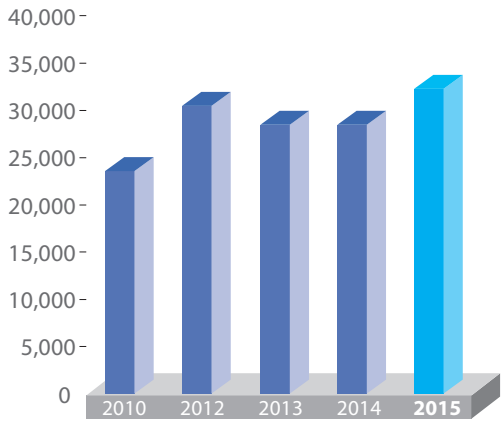
Profit/(Loss) Before Tax (RM'000)



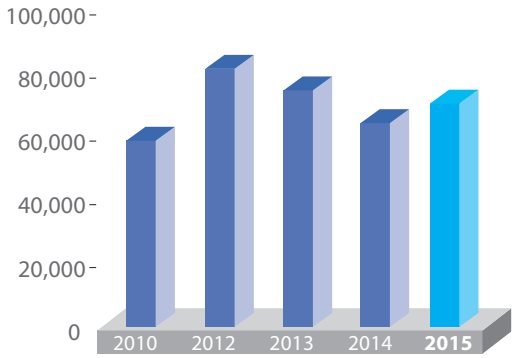
Net Earnings Per Share (SEN)



Net Assets (RM'000)



Revenue (RM'000)



FROM LEFT TO RIGHT

WONG THAI SUN

WONG SEW YUN

LIM TEIK HIAN

JIMMY ONG CHIN KENG

NG CHEE KONG

LIM TECK CHYE

LIM TEIK HIAN
Executive Chairman

Mr Lim Teik Hian, a Malaysian aged 48 was appointed to the Board on 16 February 1996. He has a Diploma in Business Administration from Australia Business College, Melbourne, Australia. Upon graduation, he joined the Company in 1989 as the Marketing Manager and was responsible for the development of domestic market for Emico. At a later stage, he was involved in the general management of the manufacturing concern and was instrumental in the commissioning of modern manufacturing facilities for Emico Group. He was re-designated as Executive Chairman on 24 March 2009. He and his younger brother, Mr Lim Teck Chye sits on the Board of the Company as Executive Director. Other than as disclosed in the related party transactions in Note 35 of the Financial Statements, he has no other conflict of interest.

Mr Lim has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

JIMMY ONG CHIN KENG
Managing Director

Mr Jimmy Ong Chin Keng, a Malaysian aged 52 was appointed to the Board on 16 February 1996. He is a Chartered Accountant and holds a professional qualification from the Malaysian Institute of Certified Public Accountants and is a member of Malaysian Institute of Accountants. He joined Emico Group in February 1993 as the Financial Controller and rose to the rank of Finance Director in 1996 and re-designated as Managing Director on 23 January 2009. Mr Ong has an extensive experience and knowledge in the field of accounting, finance, corporate finance, manufacturing and property development. Prior to his engagement in Emico, he served in two international accounting firms namely PriceWaterhouseCoopers and KPMG for a total of 8 years. Mr Ong has no family relationship with any Director/Substantial shareholders. He is a member of Emico's Remuneration Committee and sits on the Board of several private limited companies. Other than as disclosed in the related party transactions in Note 35 of the Financial Statements, he has no other conflict of interest.

Mr Ong was elected as President of Lions Club of George Town (2013-2014) and served as Vice-Chairman of Federation of Malaysian Manufacturers ('FMM'), Penang Branch since 2012. He is also appointed as committee member of Division of Industry and Community Network, USM.

Mr Ong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

LIM TECK CHYE
Executive Director

Lim Teck Chye, a Malaysian aged 41, was appointed to the Board of the Company on 11 May 2004 and is currently the Executive Director.

Mr Lim is a professional engineer. He graduated with a Bachelor of Science in Engineering and a Master Degree in Industrial Engineering from University of Toledo, Ohio, USA. Upon graduation in 1997, he joined Northern Elevator Manufacturing Sdn Bhd as a Marketing Manager. In mid-1998, he was seconded abroad to set up an elevator manufacturing plant in Fujian, China and appointed as the Managing Director of Fuji-Sino Elevators (Fujian) Co., Ltd. In 1999, he was appointed to the Board of Northern Elevator Berhad as the Executive Director overseeing the operation of the company in the areas of cost reduction and productivity improvement. He served as the Regional Sourcing Director (South East Asia) and Service Director of KONE Elevator Sdn. Bhd from Year 2005 to 2011. Mr Lim has an extensive experience and knowledge in the field of manufacturing, strategic sourcing and customer service. He is a member of Emico's Risk Management Committee and sits on the Board of several private limited companies.

He and his brother, Mr Lim Teik Hian sits on Board of the Company as Executive Director and Executive Chairman respectively. Other than as disclosed in the related party transactions in Note 35 of the Financial Statements, he has no other conflict of interest. Mr Lim has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

NG CHEE KONG
Independent and Non-Executive Director

Mr Ng Chee Kong, a Malaysian aged 72 is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 1999 and is a member of the Audit and the Remuneration Committee. He also sits as the Chairman of the Nominating Committee. He received his early education in Penang and joined the banking profession with a major local bank until his retirement 36 years later. During his tenure with the bank, he obtained a Diploma in Marketing & Selling Bank Services conferred by The International Management Centres, Buckingham, England.

Mr Ng has not been convicted of any offence in the past 10 years and has attended 4 out of 5 Board meetings held during the financial year.

WONG SEW YUN

Independent and Non-Executive Director

Mr Wong Sew Yun, a Malaysian aged 59 was appointed to the Board on 14 January 1995. He has been involved in business for more than 28 years. He has his own business operating a transportation company plying East, West Malaysia and Indonesia. He is also involved in ceramic wares business and sits on the Board of several private limited companies.

Mr Wong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

WONG THAI SUN

Independent and Non-Executive Director

Mr Wong Thai Sun, a Malaysian aged 60 was appointed to the Board on 26 December 2008. He holds a Bachelor of Economics and Accountancy from Australia National University. He is a member of the Malaysian Institute of Accountants and the Certified Public Accountants, Australia. He has public practice experience in accountancy for over 20 years in Malaysia and in overseas and is currently having his own public practice firm, which is Wong Thai Sun & Associates. He is also a Director of D'Nonce Technology Bhd and Suiwah Corporation Bhd.

Mr Wong has not been convicted of any offence in the past 10 years and has attended all Board meetings held during the financial year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of Emico Holdings Berhad for the financial year ended 31 March 2015 (FY2015).

REVIEW OF RESULTS

I am delighted to report that the Group has achieved growth and positive results albeit the prevailing challenges faced in the industry. The Group posted a higher revenue of RM75.44 million for FY2015 as compared to RM69.26 million in the preceding year. In addition, the Group recorded a higher profit before tax (PBT) of RM2.62 million for FY2015 as compared to RM0.10 million in the preceding year.

The increase in revenue for FY2015 was mainly due to higher sales from the manufacturing and trading divisions whilst the property division was relatively stable. The higher PBT was contributed by the improved performance from all divisions.

DIVIDEND

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 March 2015.

REVIEW OF OPERATIONS

Consumable Products

a. Manufacturing of Consumable Products

The manufacturing of consumable products division posted a 9% growth in revenue increasing from RM38.58 million in the preceding year to RM41.78 million for FY2015. It also achieved a higher PBT of RM0.76 million for FY2015 as compared to RM0.61 million in the preceding year.

i. Trophy

The introduction of new concept of bespoke trophies and products has received encouraging response from our customers which resulted in an increase of 9% growth in export of trophy products. Our close collaboration with customers in product design and development has further enhanced our position as the preferred trophy manufacturer worldwide. In addition, our team has been working relentlessly in developing more efficient and innovative manufacturing processes to achieve optimum results.

Our wholly owned subsidiary in China, Emico Co. Ltd. has commenced operations during the financial year and has started to establish its marketing network through appointment of distributors in various provinces in China. We expect the subsidiary to contribute positively to the Group results within the period of two years.

On our domestic market, the marginal growth of 5% achieved for FY2015 fell below our expectation due to weak market sentiment and uncertainties arising from the introduction of Goods and Services Tax (GST) which was implemented on 1st April 2015.

"the Group posted a higher profit before tax (PBT) of RM2.62 million for FY2015 as compared to RM0.10 million in the preceding year."


Chief Marketing Officer


Management Team

Consumable Products (cont'd)

a. Manufacturing of Consumable Products (cont'd)

ii. Contract Manufacturing

The revenue from the contract manufacturing division recorded a growth of 6% for FY2015 despite the challenges and economic slowdown in Europe.

It was indeed a great challenge for us to maintain our competitiveness due to the increasing operational costs. We have undertaken an internal reorganization of the manufacturing processes to further improve our efficiency and productivity as well as price renegotiation exercises with our major suppliers.

iii. Trading of Household Products

The trading of home furnishing products division posted a remarkable 25% growth in revenue increasing from RM14.99 million in the preceding year to RM18.71 million for FY2015. It also achieved a higher PBT of RM0.68 million for FY2015 as compared to RM0.29 million in the preceding year.

During the year, we have successfully promoted a new series of products which were well received and have secured significant orders from our customers. In addition, the division has also secured a new contract with a European chain store to further strengthen our customer base.

> "The trading of household product division posted a remarkable 25% growth in revenue increasing from RM14.99 million in the preceding year to RM18.71 million for FY2015."

iv. Property Development

The property division posted a lower revenue of RM14.94 million for FY2015 as compared to RM15.70 million in the preceding year. However, it achieved a higher PBT of RM2.02 million for FY2015 as compared to RM0.21 million in the preceding year as a result of higher profit margin.

a. Bandar Mutiara, Sungai Petani

The property market in Malaysia remained moderate in view of the tightening of credit by the banks and imposition of borrowing rules by Bank Negara Malaysia. As such, our projects are carried out on a moderate scale to meet the market demand.

During the year, we have completed and fully sold out Ametis Valley Project comprising 48 units of double storey terrace house in Bandar Mutiara Township, Sungai Petani, Kedah. We have also launched and commenced construction on another 55 units of Ametis Valley Project which is expected to complete in FY2016.

b. Taman Simfoni, Langkawi

The joint venture project with Langkawi Cemerlang Resort Sdn Bhd ('LCR) to develop 81 units of double storey terrace house is on schedule with approximately 55% completion.

PROSPECT

Consumable Products

a. Manufacturing of Consumable Products

i. Trophy

The overall market outlook remained stable despite uncertainties in global economic outlook. The weakening of Ringgit against the US Dollars is a boon to us as an export orientated business manufacturer. Although the weak Ringgit remained favourable in the short term, we shall continue to explore other means of ensuring a strong financial results which include developing higher margin products and continue to improve on efficiency and productivity through modernization of manufacturing facility in stages. In addition, we will continue to maintain close collaboration with our international business partners to develop exciting range of products for both domestic and export markets.

The domestic market is expected to remain challenging in view of the implementation of the GST which has given rise to inflationary impact. The consumers in general have become more cautious with their spending. In order to overcome the challenges, we will continue to increase our marketing efforts and introduce specific range of exciting products that suit the market demand.

ii. Trading of Household Products

The global market condition particularly in Europe remained volatile and challenging. Despite the uncertainties, we will continue to strengthen our team to provide a comprehensive hassle free one stop service from product offering to final delivery. Not only will we continue to work closely with our customers and suppliers to introduce and develop new range of products that meet their requirements, we will also expand our sourcing areas to more countries outside of China and acquire new customers by participating in international trade fairs.

iii. Property Development

The property market is expected to remain moderate. We will focus on developing medium cost property where demand still remain positive especially from the first home buyer. Our emphasis on building good design, high quality and value homes have made Emico the preferred developer. We expect to achieve good sales performance with the launching of our new phase of Ametis Valley in Bandar Mutiara, Sungai Petani, Kedah. We will continue to take proactive measures to improve our project management and optimize our cost.

The joint venture project with Langkawi Cemerlang Resort Sdn Bhd known as Taman Simfoni in Langkawi which comprises 81 units of double storey terrace house has progressed as planned. The construction is expected to complete in FY2016. Upon completion, our subsidiary, PKB – Operasi Tembaga Sdn Bhd will take delivery of 8 units of double storey terrace house as stipulated in the Joint Venture Agreement.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank the management and staff of Emico Group for their commitment, dedication and untiring contribution in achieving the remarkable results this year.

On a personal note, my appreciation goes to my fellow board members for their impeccable guidance, invaluable advice and support. I would also like to convey my gratitude to all of our dedicated suppliers who continue to support us all these years. I also extend my gratitude to our customers for their unwavering support and continued trust in us.

Finally, I would like to record my appreciation to the government agencies and authorities, financial institutions and our shareholders, for the continuous support and confidence in us.

Lim Teik Hian
Executive Chairman

MARKETING ACTIVITIES

The Group will continue to penetrate into international market by actively participating in exhibitions and trade fairs.

SHENZHEN, CHINA

AMBIENTE, FRANKFURT

CRAFINA, JAKARTA

HONG KONG

The Group acknowledges that in pursuit of any business objective, there is a need to find a balance between profitability and contributions towards being a socially responsible corporate citizen. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate corporate social responsibility ("CSR") practices into its day to day business operation. The CSR activities carried out by the Group are summarized below:

We have an active health and safety committee which look into the well being of the employees in ensuring a safe and conducive working environment.


EMICO

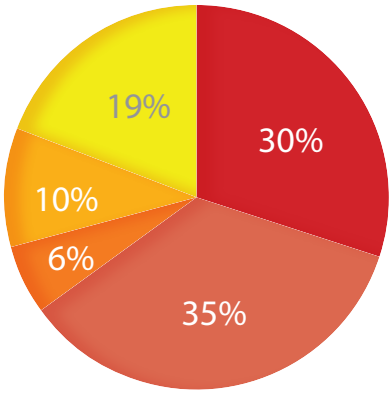

EMICO
EMICO
Penang Bridge International
MARATHON
16 November 2014

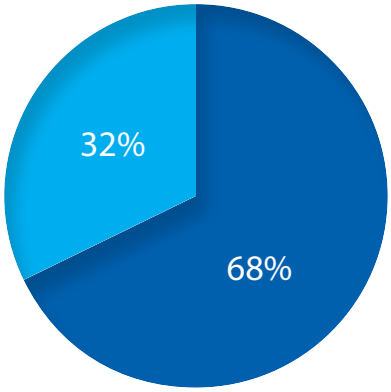
We have made donations to various organizations for the purpose of assisting the less fortunate communities in improving their life and well being.

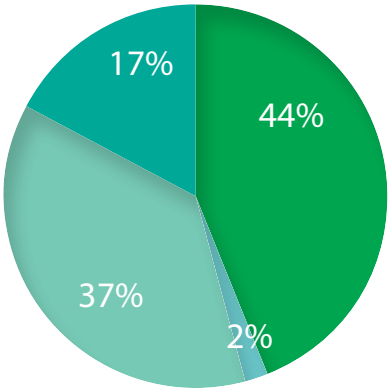
In order to provide a better working relationship and promoting teamwork amongst employees, the Group had supported and organized various sports activities and team building events.

Workplace Diversity

The Group supports a diverse and inclusive workforce that comprises a mix of community from different gender, age group and ethnicity which provides opportunities for creative solutions and promotes productivity.







BY AGE GROUP

- 29 years & below
- 30 years to 39 years
- 40 years to 49 years
- 50 years to 59 years
- 60 years & above

BY GENDER

- Male
- Female

BY ETHNICITY

- Bumiputra
- Chinese
- Indian
- Non-Malaysian

The Board has appointed the Audit Committee to assist the Board in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

TERMS OF REFERENCE

- **Purpose**
  The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

- **Reporting Responsibilities**
  The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

- **Attendance at Meeting**
  The head of finance, the head of internal audit and a representative of external audit shall normally attend meetings. The Company Secretary shall be the Secretary of the Audit Committee. Other board members or employees may be invited to brief the Audit Committee on issues that are incorporated into the agenda.

- **Frequency of Meeting**
  The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and shall record its conclusions whilst discharging its duties and responsibilities. The Audit Committee should meet with the external auditors without executive board members present at least twice a year.

  The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, managing director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

- **Quorum**
  The quorum for a meeting shall be 2 (two) members, the majority of whom shall be independent directors.

- **Authority**
  The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Audit Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The internal audit function reports directly to the Audit Committee. The Audit Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

MEMBERSHIP AND MEETINGS

The composition of the Company's Audit Committee, appointed by the Board from amongst its members, comprises of 3 (three) members of which all are Non-Executive Directors.

Membership

- The members of the Audit Committee shall be appointed by the Board.
- The Audit Committee shall consist of not less than three (3) members of whom:
  a) all members of the Audit Committee must be Non-Executive Directors with a majority of them being independent directors;
  b) at least one (1) member of the Audit Committee:
     i) must be a member of the Malaysian Institute of Accountants; or
     ii) if he or she is not a member of the Malaysian Institute of Accountants,
        a) he or she must have at least three (3) years' working experience; and
           - he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
           - he or she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
     iii) he or she fulfils such other requirements as prescribed or approved by Bursa Securities.

MEMBERSHIP AND MEETINGS (cont'd)

Membership (cont'd)

c) all members of the Audit Committee should be financially literate.
   - No alternate director shall be appointed as a member of the Audit Committee.
   - The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their member who is an independent director.
   - The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
   - The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

Meetings

During the financial year ended 31 March 2015, the Committee held meetings on 28 May 2014, 11 July 2014, 28 August 2014, 26 November 2014 and 26 February 2015 respectively, making a total of 5 (five) meetings.

Name	Designation	Independence Status	Attendance of meetings
Wong Thai Sun	Chairman	Independent Non-Executive Director	5/5
Ng Chee Kong	Member	Independent Non-Executive Director	4/5
Wong Sew Yun	Member	Independent Non-Executive Director	5/5

DUTIES AND RESPONSIBILITIES

The primary goal of the Committee is to review the financial condition of the Group, its internal controls, performance and findings of the internal auditors and to recommend appropriate remedial action. The primary duties and responsibilities of the Committee are as follows:

- to review both the internal and external auditor's scope of audit plan, their evaluation of the system of internal controls and audit reports.
- to review and evaluate the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- to consider the appointment and/or reappointment of external and internal auditors, their fees and any question of their resignation or dismissal and to recommend to the Board.
- to nominate, for the approval of the Board of Directors, a person or persons as auditor(s).
- to review the assistance and co-operation given by the Company's officers to the external and internal auditors.
- to review the quarterly and year end financial statements before submission to the Board of Directors, focusing particularly on:
  a) changes in or implementation of major accounting policy changes
  b) significant and unusual events; and
  c) compliance with accounting standards and other legal requirements.
- to review any related party transactions that may arise within the Company or the Group.
- to consider adequacy of Management's actions taken on internal and external audit reports.
- to review the allocation of shares to employees under the Employees's Share Option Scheme.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2015, the Committee held meetings on 28 May 2014, 11 July 2014, 28 August 2014, 26 November 2014 and 26 February 2015 respectively, making a total of 5 (five) meetings. The committee also appraised the adequacy of actions taken by the Management in resolving the reported audit issues and in implementing suggested improvement measures.

The activities of the audit committee include the followings:

a. Reviewed and approved the annual audit plan of the Internal and External Auditors.

b. On quarterly basis and financial year end, the Committee reviewed the financial statements prepared by the Management for proper approval by the Board on its announcements.

c. Reviewed the annual audited financial statements of the Company and the Group with the external auditors before recommending them for approval by the Board of Directors.

d. Reviewed and approved Internal Audit Reports of the Group and discussed results of their examination and recommendations.

e. Reviewed and considered the disclosure of Related Party Transactions in the Financial Statements and the Recurrent Related Party Transactions Circular to shareholders.

f. Reviewed the Statement of Corporate Governance and Statement of Risk Management and Internal Control.

ACTIVITIES OF INTERNAL AUDIT

The Group out sourced its internal audit function . The Internal Auditors report directly to the Audit Committee. The cost incurred for the internal audit function for the financial year ended 31 March 2015 was RM21,200.

The role of the Internal Auditors is to examine, evaluate and ensure compliance with the Group's policies, procedures and system of internal controls so as to provide reasonable assurance that such system continue to operate effectively in the Emico Group of Companies. The Internal Auditors work focuses on areas of priority as identified in accordance with the annual audit plan approved each year by the Audit Committee. For the financial year ended 31 March 2015, audit visits were conducted in all active subsidiaries of the Group.

The audit activities were as follows:

a. ascertaining the extent of compliance with the established policies, procedures and statutory requirements;
b. reviewing of new systems and modified systems to ensure that proper controls exist in the systems or where certain necessary controls were absent, to prescribe controls before implementation; and
c. identifying opportunities to improve the operations and the processes in the Company and the Group.

The Internal Auditors reports their audit findings to the Audit Committee and the Management of the respective subsidiaries.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Emico Holdings Berhad is committed to ensuring that the Group is moving towards the highest standards of Corporate Governance in discharging its responsibilities to protect and enhance shareholders value and the Group's financial performance.

The Board of Directors supports Malaysia Code of Corporate Governance ("MCCG") and is committed towards achieving full compliance with its principles and recommendations therein.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Role and Responsibilities

The composition of the Board represents a mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship and responsibilities.

The responsibilities of the Board are inclusive of but not limited to:

- Reviewing and approving material acquisition and disposal of investments and assets.
- Reviewing the adequacy of internal control procedures and policies.
- Reviewing and approving the related party transactions.
- Reviewing and approving annual financial statements and quarterly financial results.
- Monitoring compliance with relevant laws and regulations and accounting standards within the corporate and business environment.

The Board has established a Board Charter ("Charter") to promote the best corporate governance culture and to assist the Board in carrying out its duties and responsibilities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.
The Company has a clear and define roles for its Executive Chairman and Managing Director. The Board of Directors is chaired by Mr. Lim Teik Hian, Executive Chairman, whose responsibility is to ensure Board effectiveness, corporate affairs, implementation of Board policies and decisions of the Group.

The Managing Director, Mr. Jimmy Ong Chin Keng is responsible for the overall performance of the Group operations, organisation effectiveness and financial performance.

The roles of independent Non-Executive Directors are vital for the successful direction of the Group as they provide independent professional views, advice and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others of which the Group conduct business.

Supply of and Access to Information

The Board is provided with sufficient and timely information to enable it to discharge its duties effectively. At least seven (7) days prior to Board Meetings, all directors are provided with agendas and Board Papers to enable the Directors to participate actively in the meetings. Senior Management of the Group and external advisers may be invited to attend Board meetings to provide additional insights and professional views.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

Board Meeting

During the financial year, five (5) Board meetings were held on 28 May 2014, 11 July 2014, 28 August 2014, 26 November 2014 and 26 February 2015. The details of attendance of the members are as follows:

Name of director	Directorship	Attendance
Lim Teik Hian	Executive Chairman	5/5
Jimmy Ong Chin Keng	Managing Director	5/5
Lim Teck Chye	Executive Director	5/5
Wong Sew Yun	Independent Non-Executive Director	5/5
Ng Chee Kong	Independent Non-Executive Director	4/5
Wong Thai Sun	Independent Non-Executive Director	5/5

Company Secretary

The Company Secretary is responsible for the secretarial function such as ensuring compliance with all statutory and regulatory requirements, recording the proceedings of all Board Committee meetings, and proper maintenance of secretarial records. All directors have unrestricted access to the advice of the Company Secretary on matters which are relevant to the Company such as compliance of the Main Market Listing Requirements, Companies Act 1965, corporate governance issues, boardroom effectiveness and directors' duties and responsibilities.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

The Board consist of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 06 to 09 of this Annual Report.

The Board believes that the current Board composition is appropriate for its purpose, and is satisfied that it adequately safeguards the interest of the minority shareholders of the Company. The Board shall continue to monitor and review the Board size and composition from time to time.

The Board has established the following three (3) Board Committees to assist the Board in execution of its duties:

i) Nominating Committee
ii) Audit Committee
iii) Remuneration Committee

i) Nominating Committee ("NC")

The members of NC are as follows:

Name	Designation	Directorate
Mr. Ng Chee Kong	Chairman	Independent Non-Executive Director
Mr. Wong Thai Sun	Member	Independent Non-Executive Director
Mr. Wong Sew Yun	Member	Independent Non-Executive Director

TERMS OF REFERENCE

Appointment/Composition

- The NC shall be appointed by the Board of Directors.
- The NC shall consists of not less than two (2) members.
- The majority of the NC shall be independent non-executive directors.
- The Chairman of NC must be an independent director and shall be appointed by the Board of Directors. In the absence of Chairman of the NC, the remaining members present shall elect one of their member to chair the meeting.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

i) Nominating Committee ("NC") (cont'd)

Duties and responsibilities

- To review annually the structure, size, gender diversity and composition of the Board.
- To review annually the adequacy of the required mix of experience, skills, independence and other qualities of Board Committees and the contribution of each director.
- To review and recommend to the Board the appointment and continuation in office of any director who has reached the age of seventy (70) or any independent directors who have reached tenure of nine (9) years.
- To give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the required skills and expertise that are needed by the Board in future.
- To review and recommend to the Board, the candidates for all directorships to be filled by the shareholders or the Board, as and when they arise.
- To review and recommend to the Board for the appointment and/or continuation in office of chairman, managing director, executive directors of the Group, subject to the provision of the laws and their service contract, if any.

Authority

The NC is authorised by the Board of Directors to carry out its duties mentioned above and other directors and employees of the Group are required to give full assistance to the NC in discharging their duties. In addition, the NC is also authorised to seek external professional expertise when required.

Meetings

- The NC shall meet at least once a year and at such times, whenever they deemed necessary.
- The quorum of the NC meeting shall be two members and comprised of a majority of independent directors.
- Participants must be invited from time to time to attend the NC meeting depending on the nature of the subject under review.

Minutes

The Company Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee.

During the financial year, the NC conducted one (1) meeting on 11 July 2014.

ii) Audit Committee ("AC")

The AC comprised solely of Independent Non-Executive Directors. The responsibilities, composition, terms of reference and activities of the AC are outlined in this Annual Report under the section of Audit Committee Report in page 21 to 23 .

iii) Remuneration Committee ("RC")

The members of RC are as follows:

Name	Designation	Directorate
Mr. Ng Chee Kong	Chairman	Independent Non-Executive Director
Mr. Wong Thai Sun	Member	Independent Non-Executive Director
Mr. Jimmy Ong Chin Keng	Member	Managing Director

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

TERMS OF REFERENCE

Appointment/Composition
- The RC shall be appointed by the Board of Directors.
- The RC shall consist of not less than two (2) members.
- The majority of RC shall be independent non-executive directors.

Duties and responsibilities
- To establish and recommend to the Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of service of contract by the Company and/or the Group etc.
- To review and recommend to the Board the remuneration packages of Non-Executive Directors for shareholders approval at the Annual General Meeting.
- To consider other remunerations or rewards to retain and attract directors.

Meetings
- The RC shall meet at least once a year and at such times, whenever they deemed necessary.
- The quorum of the RC meeting shall be two members and comprised of a majority of independent directors.
- Participants may be invited from time to time to attend the RC meeting depending on the nature of the subject under review.

Minutes
The Company Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee.

During the financial year, the RC conducted one (1) meeting on 26 February 2015.

The aggregate Directors' Remuneration during the financial year ended 31 March 2015 to be categorised into the following components:

Categories	Fee (RM'000)	Salaries and other emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	45	1,221	65	1,331
Non-Executive Directors	45	9	–	54
Total	90	1,230	65	1,385

The Directors' Remuneration are categorised into the following bands:

Range of Remuneration (RM)	Executive	Non-Executive
25,000 & below	–	3
300,001- 350,000	1	–
350,001 - 400,000	1	–
500,001 – 550,000	1	–

PRINCIPLE 3 – REINFORCE INDEPENDENCE

The existing three (3) non-executive directors, are independent directors and they are able to express their opinions without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken. The NC had reviewed the performance of the independent directors and is satisfied that they have been able to discharge their responsibilities independently.

The independent non-executive directors consisting of Mr. Ng Chee Kong and Mr. Wong Sew Yun who have served more than nine years as independent directors respectively.

The NC had assessed and is satisfied that Mr Ng Chee Kong and Mr Wong Sew Yun have satisfactorily demonstrated that they are independent from the management and free from any business dealings with the Group that could be perceived to interfere in their exercised of independent judgment. The Board took note of the recommendation of the MCCG but immediate compliance with the said recommendation posed as a disadvantage to the Company in terms of losing the experienced independent directors who have over the years contributed to the effectiveness of the Board as a whole. Nevertheless, Mr. Ng Chee Kong and Mr. Wong Sew Yun will be seeking shareholders' approval on their re-appointment as independent director at the forthcoming Annual General Meeting. In view thereof, the Board recommends and supports their re-appointment as independent non-executive directors of the Company at the forthcoming Twenty Third Annual General Meeting of the Company.

The Company Chairman, Mr Lim Teik Hian is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Company. However, the Board believes that he is well placed to act on behalf of the shareholders in their best interest and it is not necessary to nominate an independent non-executive director as Chairman at this juncture. However, the Board will continuously review and evaluate the recommendation of the MCCG.

PRINCIPLE 4 – FOSTER COMMITMENT

All the directors have devoted sufficient time to carry out their duties for the tenure of their appointments. New directors are expected to have such commitment being part of the required criteria so as to qualify them to make positive contributions to the Board.

All the directors had attended the Mandatory Accreditation Programme (MAP). In addition to the MAP, Board members are also encouraged to attend training programmes conducted by competent professionals that are relevant to the Group's operations and businesses. For the year under review, all the directors had attended seminars and courses to keep abreast with the development of the business environment as follows:

Director's Name	Training Programme
Lim Teik Hian	Women Diversity in Workplace conducted by PMO In-house training on "Framework on Board Charter"
Jimmy Ong Chin Keng	Attended & passed the examination on "GST Training for Consultants" Bursa Advocacy Sessions for CEOs on " Analysis of Financial Performance"
Lim Teck Chye	In house training on " Framework on Board Charter" and " Risk Management"
Wong Thai Sun	Malaysian Taxation for Entrepreneurs & Employers GST and Effects On Hospitality Sector
Ng Chee Kong	In house training on " Framework on Board Charter"
Wong Sew Yun	In house training on " Framework on Board Charter" New Public Rulings for 2014 & 2015

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balanced view of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards. The Board is assisted by the AC in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

Relationship with Auditors

Internal Auditors
The Company outsourced its internal audit function to a professional consulting firm, which assist the AC in discharging its duties and responsibilities. The Internal Auditor's report directly to the AC and they are responsible for conducting regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls and processes within the Group. Through the AC, the Board has established transparent relationship with the Internal Auditors.

External Auditors
The Board maintains formal and transparent relationship with its External Auditors through the AC. The AC has been conferred with the authority to directly liaise with both the External and Internal Auditors. The AC would convene meetings with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary. It is a policy of the AC that it meets with the External Auditors at least twice a year to discuss and review of their audit plans, scope of audit and audit reports. As part of the AC's review processes, the AC has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the AC also reviews the appointment, performance and remuneration of the External Auditors before recommending to the shareholders for re-appointment in the Annual General Meeting.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally, but to provide structural means to identify, prioritise and managed the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived. In this respect, the Board has established a Risk Management Committee comprising the Managing Director, an Executive Director and an Independent Director who will chair the meeting.

An overview of risk management and state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 32 to 33 of this Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURES

The Board provides timely and accurate disclosure of all material information of the Group to the shareholders and stakeholders. Information is disseminated through announcements made to Bursa Malaysia Securities Berhad which includes the quarterly reports, annual reports, circular to shareholders and press releases. The Board leverages on its website (www.emico.com.my) to communicate, disseminate and add depth to the governance reporting.

The company also aims to provide the shareholders and stakeholders with comprehensive, accurate and quality information in accordance with the Corporate Disclosure Guide issued by Bursa Securities.

PRINCIPLE 8 – ESTABLISH & STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting is used as a principal forum for dialogue with all shareholders. Extraordinary Meetings are held as and when required. Before commencement of any general meetings, the Chairman of the meeting will inform shareholders of their rights to demand a poll vote. At the general meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. The Chairman then facilitates the discussions with shareholders and provides further information in response to shareholders' queries. The Board encourages all shareholders to attend the forthcoming Company's Annual General Meeting and to participate in the proceedings.

This statement is issued in accordance with a resolution of the Directors dated 2 July 2015.

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the profit or loss of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 March 2015 set out on pages 43 to 112, the Group has used the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") of Emico Holdings Berhad is pleased to provide the following Statement on the State of Risk Management and Internal Control ("Statement") of Emico Holdings Berhad and its subsidiaries ("the Group"). This has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies ("Internal Control Guidance") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. This system is designed to ensure the Group's key areas of risks are managed within an acceptable level in order to increase the likelihood that the Group's policies and business objectives will be achieved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

There is regular review of this process by the Board to ensure the effectiveness, adequacy and integrity of risk management and internal control system to safeguard the Group's assets as guided by the Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

The Group has in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

The Risk Management Committee ("RMC") has been established to review the adequacy and effectiveness of risk management of the Group. Its main role is to review, on behalf of the Board, the system of risk management necessary to manage the significant risks faced by the Group and to present its findings to the Board. The RMC consists of 3 members comprising the Managing Director, Executive Director and is chaired by an Independent Director.

The Audit Committee is responsible to review the adequacy and effectiveness of the internal control systems of the Group. Its main role in risk management is to review, on behalf of the Board, the system of internal control necessary to manage the significant risks faced by the Group and to present its findings to the Board.

The Audit Committee is assisted by the internal auditors, whose role is to review the internal control systems.

Senior Management and heads of departments are delegated with the responsibility to manage identified risks within defined parameters. Meetings are held at least once quarterly to discuss key operational issues, business performance matters including risks and related mitigating responses, when necessary. Any significant risks will be communicated to the RMC members.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm as internal auditor to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's system of internal control.

The internal audit function provides assurance on the effectiveness of the risk management and internal control system through regular monitoring and reviewing of the internal control processes across the Group.

The annual internal audit plan is reviewed and approved by the Audit Committee. The scope of audit plan encompasses frequency and extent on the review of operational procedures of the Business Units throughout the Group.

Internal audit visits are undertaken to evaluate the adequacy and effectiveness of the risk management and internal control system, make recommendations for improvements to the system of internal control and ensure that the said recommendations are implemented expeditiously. Significant audit findings are tabled at the Audit Committee meeting for deliberation.

KEY ELEMENT ON INTERNAL CONTROL SYSTEM

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- Organisation structure with defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- Documented internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Comprehensive business planning and budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;
- Quarterly Board and Audit Committee meetings; and
- Monthly visits to operating units by members of the Board and Senior Management.

CONCLUSION

The Board is of the view that the risk management and internal control systems are in place and satisfactory for the period under review. It has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. The Board has received assurance from the Managing Director and Executive Director that to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

The Board recognises that the development of risk management and internal control system is an ongoing process. Therefore, the Board will continue to improve and enhance the systems of internal control and risk management.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. 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 this Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement was approved by the Board on 2 July 2015.

OTHER COMPLIANCE STATEMENTS

1. **Utilisation of Proceeds**
   There was no capital raising exercise carried out by the Company during the financial year ended 31 March 2015.

2. **Share Buy-Backs**
   The Company has not purchased any of its own shares and as such, there is no treasury shares maintained by the Company for share buy-backs.

3. **Options, Warrants or Convertible Securities**
   During the financial year ended 31 March 2015, there were no options, or convertibles securities exercised by the Company.

4. **Depository Receipts Programme**
   During the financial year ended 31 March 2015, the Company did not sponsor any depository receipts programme.

5. **Sanctions And/Or Penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

6. **Non-Audit Fees**
   The Non-Audit fee paid/payable to external auditors for the financial year ended 31 March 2015 was RM3,700.

7. **Variation in Results**
   There were no variations of 10% or more between the audited results for the financial year ended 31 March 2015 and the unaudited results announced on 28 May 2015.

8. **Profit Guarantee**
   During the financial year ended 31 March 2015, there was no profit guarantee given by the Company.

9. **Material Contracts**
   There were no material contracts entered by the Company and its subsidiaries involving Director's and major shareholder's interest other than those disclosed in the financial statements.

10. **Recurrent Related Party Transactions of a Revenue Nature**
    There were no material recurrent related party transactions of a revenue nature during the financial year ended 31 March 2015 other than those disclosed in the financial statements.

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FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in these nature of the activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	1,792,240	1,001,017
Profit attributable to:		
Owners of the parent	1,795,100	1,001,017
Non-controlling interests	(2,860)	0
	1,792,240	1,001,017

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current 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.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held for office since the date of the last report are:

Lim Teik Hian
Jimmy Ong Chin Keng
Lim Teck Chye
Wong Sew Yun
Ng Chee Kong
Wong Thai Sun

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	[----------Number of ordinary shares of RM1 each----------]			
	Balance as at 1-4-2014	**Bought**	**Sold**	**Balance as at 31-3-2015**
Shares in the Company				
Direct interests:				
Lim Teik Hian	52,000	0	0	52,000
Wong Sew Yun	895,859	0	0	895,859
Lim Teck Chye	2,436,130	0	0	2,436,130
Indirect interests:				
Lim Teik Hian	26,984,959	0	(150,000)	26,834,959
Lim Teck Chye	24,600,829	0	(150,000)	24,450,829

By virtue of their interests in the ordinary shares of the Company, Lim Teik Hian and Lim Teck Chye are deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

The interest and deemed interests in the ordinary shares of its non-wholly subsidiary, held by Lim Teck Chye and Jimmy Ong Chin Keng at year end were as follows:

	[----------Number of ordinary shares of RM1 each----------]			
	Balance as at 1-4-2014	**Bought**	**Sold**	**Balance as at 31-3-2015**
Subsidiary				
- NEB Development Berhad				
Direct interests:				
Lim Teck Chye	350,000	650,000	0	1,000,000
Subsidiary				
- Mercu Tanah Langkawi Sdn. Bhd.				
Direct interests:				
Jimmy Ong Chin Keng	40,000	0	0	40,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into in the ordinary course of business as disclosed in Note 35 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for:

(i) the effects arising from impairment loss on investment in a subsidiary resulting in a decrease in the Company's profit for the financial year by RM1,160,395 as disclosed in Note 10(a) to the financial statements.

(ii) the effects arising from reversal of impairment loss on trade and other receivables resulting in an increase in the Company's profit for the financial year by RM2,702,983 as disclosed in Note 14(g) to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

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

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

(d) In the opinion of the Directors:

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

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Lim Teik Hian
Director

Jimmy Ong Chin Keng
Director

Penang
2 July 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 111 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 to the financial statements on page 112 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirement,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Lim Teik Hian
Director

Jimmy Ong Chin Keng
Director

Penang
2 July 2015

STATUTORY DECLARATION

I, Jimmy Ong Chin Keng, being the Director primarily responsible for the financial management of Emico Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang this 2 July 2015

Jimmy Ong Chin Keng

Before me,

Commissioner for Oaths
Nachatar Singh A/L Bhag Singh *PKT, PJK, PK*
Pesuruhjaya Sumpah Malaysia
120 Lebuh Penang
Pulau Pinang

Report on the Financial Statements

We have audited the financial statements of Emico Holdings Berhad, which comprise statements of financial position as at 31 March 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 111.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

TO THE MEMBERS OF EMICO HOLDINGS BERHAD (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 39 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Se Kuo Shen
2949/05/16(J)
Chartered Accountant

Penang
2 July 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	23,386,837	21,141,575	0	0
Investment properties	8	190,667	197,167	0	0
Goodwill on consolidation	9	551,552	551,552	0	0
Investments in subsidiaries	10	0	0	28,277,853	29,438,248
Deferred tax assets	12	446,000	325,000	0	0
		24,575,056	22,215,294	28,277,853	29,438,248
Current assets					
Inventories	13	40,148,009	38,226,955	0	0
Trade and other receivables	14	16,683,960	12,992,825	8,200,156	6,624,849
Current tax assets		97,018	119,212	0	0
Cash and bank balances	15	4,012,585	3,269,114	159,290	126,597
		60,941,572	54,608,106	8,359,446	6,751,446
TOTAL ASSETS		85,516,628	76,823,400	36,637,299	36,189,694
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	95,926,521	95,926,521	95,926,521	95,926,521
Reserves	17	18,569,979	16,249,605	7,736,782	7,736,782
Accumulated losses		(78,202,813)	(79,997,913)	(82,377,291)	(83,378,308)
		36,293,687	32,178,213	21,286,012	20,284,995
Non-controlling interests		7,913,346	7,916,206	0	0
TOTAL EQUITY		44,207,033	40,094,419		20,284,995
LIABILITIES					
Non-current liabilities					
Borrowings	18	3,790,040	4,957,547	0	0
Deferred tax liabilities	12	4,550,844	3,429,113	0	0
		8,340,884	8,386,660	0	0
Current liabilities					
Trade and other payables	24	20,412,365	18,202,383	15,225,187	15,778,599
Borrowings	18	5,414,321	4,843,509	0	0
Deferred revenue	25	6,371,999	4,841,322	0	0
Current tax liabilities		770,026	455,107	126,100	126,100
		32,968,711	28,342,321	15,351,287	15,904,699
TOTAL LIABILITIES		41,309,595	36,728,981	15,351,287	15,904,699
TOTAL EQUITY AND LIABILITIES		85,516,628	76,823,400	36,637,299	36,189,694

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	27	75,435,105	69,261,046	240,000	240,000
Other income	28	1,502,448	1,562,558	2,702,983	6,028,842
Property development expenditure recognised		(10,793,462)	(13,110,680)	0	0
Changes in inventories of finished goods and work-in-progress		335,416	1,024,850	0	0
Purchase of finished goods		(29,280,191)	(24,000,966)	0	0
Raw materials and consumables used		(9,880,733)	(11,243,064)	0	0
Employee benefits expense	29	(9,034,598)	(8,186,052)	(613,256)	(551,682)
Depreciation and amortisation of property, plant and equipment		(2,060,208)	(1,919,423)	0	0
Finance costs	30	(562,043)	(649,751)	(11)	(278,638)
Other expenses		(13,043,961)	(12,635,661)	(1,328,699)	(5,092,805)
Profit before tax	31	2,617,773	102,857	1,001,017	345,717
Tax expense	32	(825,533)	(75,803)	0	0
Profit for the financial year		1,792,240	27,054	1,001,017	345,717
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation	17	24,695	0	0	0
Items that will not reclassified subsequently to profit or loss					
Gross revaluation increase of properties		3,060,905	0	0	0
Deferred tax relating to revalued properties		(765,226)	0	0	0
		2,295,679	0	0	0
Total comprehensive income, net of tax		2,320,374	0	0	0
Total comprehensive income		4,112,614	27,054	1,001,017	345,717
Profit attributable to:					
Owners of the parent		1,795,100	328,324	1,001,017	345,717
Non-controlling interests		(2,860)	(301,270)	0	0
		1,792,240	27,054	1 ,001,017	345,717
Total comprehensive income attributable to:					
Owners of the parent		4,115,474	328,324	1,001,017	345,717
Non-controlling interests		(2,860)	(301,270)	0	0
		4,112,614	27,054	1,001,017	345,717

Earnings per ordinary share attributable to equity holders of the Company (Sen):

Basic	33(a)	1.87	0.34
Diluted	33(b)	1.87	0.34

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

Group	Share capital RM	Share premium RM	Revaluation reserve RM	Exchange translation reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 April 2013	95,926,521	7,736,782	8,512,823	0	(80,326,237)	31,849,889	8,217,476	40,067,365
Profit for the financial year	0	0	0	0	328,324	328,324	(301,270)	27,054
Other comprehensive income, net of tax	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	328,324	328,324	(301,270)	27,054
Balance as at 31 March 2014	95,926,521	7,736,782	8,512,823	0	(79,997,913)	32,178,213	7,916,206	40,094,419
Balance as at 1 April 2014	95,926,521	7,736,782	8,512,823	0	(79,997,913)	32,178,213	7,916,206	40,094,419
Profit for the financial year	0	0	0	0	1,795,100	1,795,100	(2,860)	1,792,240
Revaluation reserve on leasehold land and buildings	0	0	2,295,679	0	0	2,295,679	0	2,295,679
Foreign currency translations	0	0	0	24,695	0	24,695	0	24,695
Total comprehensive income	0	0	2,295,679	24,695	1,795,100	4,115,474	(2,860)	4,112,614
Balance as at 31 March 2015	95,926,521	7,736,782	10,808,502	24,695	(78,202,813)	36,293,687	7,913,346	44,207,033

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

Company	Share capital RM	Share premium RM	Accumulated losses RM	Total equity RM
Balance as at 1 April 2013	95,926,521	7,736,782	(83,724,025)	19,939,278
Profit for the financial year	0	0	345,717	345,717
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	0	0	345,717	345,717
Balance as at 31 March 2014	95,926,521	7,736,782	(83,378,308)	20,284,995
Balance as at 1 April 2014	95,926,521	7,736,782	(83,378,308)	20,284,995
Profit for the financial year	0	0	1,001,017	1,001,017
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	0	0	1,001,017	1,001,017
Balance as at 31 March 2015	95,926,521	7,736,782	(82,377,291)	21,286,012

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

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		2,617,773	102,857	1,001,017	345,717
Adjustments for:					
Amortisation of investment properties	8	6,500	6,500	0	0
Bad debts written off		60,423	0	0	0
Depreciation of property, plant and equipment	7	2,053,708	1,912,923	0	0
Loss/(gain) on disposal of property, plant and equipment		367	(125,989)	0	0
Impairment losses on:					
- trade receivables	14(g)	121,673	131,029	0	0
- other receivables	14(g)	50,100	354,078	0	4,705,951
- investment in a subsidiary	10(a)	0	0	1,160,395	0
Property, plant and equipment written off	7	18,048	11,618	0	0
Reversal of impairment loss on trade and other receivables	14(g)	(100)	(2,200)	(2,702,983)	(6,000,000)
Reversal of slow moving inventories	13(b)	0	(176,524)	0	0
Waiver of debts by trade and other payables		(573,858)	(67,453)	0	(6,454)
Interest expense	30	562,043	649,751	11	278,638
Interest income	28	(66,784)	(99,090)	0	(22,388)
Operating profit/(loss) before changes in working capital		4,849,893	2,697,500	(541,560)	(698,536)
Changes in working capital:					
Inventories		(1,921,054)	3,017,237	0	0
Trade and other receivables		(3,923,231)	(289,829)	1,127,676	8,666,875
Deferred revenue		1,530,677	(5,412,128)	0	0
Trade and other payables		2,783,840	1,926,079	(553,412)	1,669,367
Cash generated from operations		3,320,125	1,938,859	32,704	9,637,706
Interest received		66,784	99,090	0	22,388
Tax paid		(296,880)	(108,436)	0	0
Tax refunded		43,965	54,312	0	0
Net cash from operating activities		3,133,994	1,983,825	32,704	9,660,094

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

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		1,086,564	125,993	0	0
Purchase of property, plant and equipment	7(b)	(2,276,044)	(1,379,738)	0	0
Net cash used in investing activities		(1,189,480)	(1,253,745)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES					
Changes in deposits pledged to licensed banks		(36,074)	(55,598)	0	0
Drawdowns of bank borrowings		9,713,508	7,192,000	0	0
Interest paid	30	(562,043)	(649,751)	(11)	(278,638)
Redemption of Redeemable Secured Loan Stocks		0	(9,755,700)	0	(9,755,700)
Repayments of:					
- bank borrowings		(9,722,629)	(1,571,239)	0	0
- hire purchase payables		(358,769)	(350,528)	0	0
Net cash used in financing activities		(966,007)	(5,190,816)	(11)	(10,034,338)
Net increase/(decrease) in cash and cash equivalents		978,507	(4,460,736)	32,693	(374,244)
Effects of exchange rate changes on cash and cash equivalents		24,695	0	0	0
Cash and cash equivalents at beginning of financial year		1,952,914	6,413,650	126,597	500,841
Cash and cash equivalents at end of financial year	15(e)	2,956,116	1,952,914	159,290	126,597

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

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang.

The consolidated financial statements for the financial year ended 31 March 2015 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 2 July 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 43 to 111 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 39 to the financial statements set out on page 112 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal 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; and
(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.10 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 subsequent costs would 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. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for long term leasehold land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. The long term leasehold land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Buildings	2%
Long term leasehold land	55 years
Plant and machinery	10% - 20%
Moulds	10% - 20%
Motor vehicles	10% - 33%
Office equipment, furniture and fittings	8% - 20%
Tools, implements and equipment	10% - 20%
Electrical installation and renovation	10% - 20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the investment properties 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 would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investments properties is fifty (50) years.

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.6 Lease and hire purchase

(a) Finance lease and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum hire purchase payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the hire purchase term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Lease and hire purchase (cont'd)

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.7 Investments

Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Companys separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.8 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.9 Inventories

(a) Consumable products

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

Cost is determined using the first-in, first-out formula. The cost of raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities. The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Inventories (cont'd)

(a) Consumable products (cont'd)

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

(b) Developed properties held for sale

Developed properties held for sale are stated at the lower of cost and net realisable value.

Cost consists of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

(c) Properties under development

Properties under development 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. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(d) Land held for property development

Land held for property development is stated at the lower of cost and net realisable value.

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

4.10 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment properties, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments.*

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Impairment of non-financial assets (cont'd)

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Cash and bank balances include cash and cash equivalents, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

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

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Any difference between the carrying amount of a 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.

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(c) Equity (cont'd)

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

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

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

(b) Available-for-sale financial assets (cont'd)

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

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

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset, is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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 income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or
(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies (cont'd)

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Property development

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:

(i) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(ii) the Group maintain control over the properties under development during the construction period, i.e. the Group retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group;

(iii) the Sale and Purchase Agreement does not give the right to the buyer to take over the work in progress during construction;

(iv) the buyers have limited ability to influence the design of the property; and

(v) title passes to buyers on vacant possession.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Revenue recognition (cont'd)

(c) Services

Revenue in respect of the rendering of chroming services is recognised when the stage of completion at the end of the reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

(d) Management services

Management services is recognised on an accrual basis.

(e) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(f) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group (i.e. the Managing Director) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.22 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and
(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014

Adoption of the above Standards did not have any impact on the financial statements of the Group and of the Company.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012 - 2014 Cycle*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Disposal group classified as held for sale

Certain non-current assets and liabilities had been classified as disposal group held for sale as the management has committed to a plan to sell the assets and liabilities as at the end of the reporting period. Barring any unforeseen circumstances, the Group expects that the sale of the assets and liabilities to be completed within the next twelve (12) months.

(c) Contingent liabilities

The determination and treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(d) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its rights to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated.

Further details are disclosed in Note 9 to the financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty (cont'd)

(b) Depreciation and useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(f) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 38 to the financial statements.

(g) Properties under development

Budgeted costs and net realisable value

The Company prepares estimates of budgeted costs and selling price for its property development projects based on the following key assumptions:

(i) The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis; and
(ii) The selling price of properties under development has been projected based on prevailing market values of the location and type of properties under development.

Any revision to estimates above that could affect the net realisable value of the properties under development are recognised in the year in which the estimate is revised and in any future years affected.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty (cont'd)

(h) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has also been used to determine the discount rate for cash flows and the future growth of the business.

(i) Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(j) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engaged a professional valuer to perform a valuation with sufficient regularity on its leasehold land and building as disclosed in Note 7 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.4.2014 RM	Revaluation RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.3.2015 RM
Carrying amount							
Freehold building at cost	809,775	0	0	0	0	(18,300)	791,475
Long term leasehold building at 2015 valuation	10,041,428	1,062,857	0	0	0	(304,285)	10,800,000
Long term leasehold land at 2015 valuation	4,851,301	1,998,048	0	0	0	(149,349)	6,700,000
Plant and machinery	1,005,758	0	363,946	(225,774)	0	(242,258)	901,672
Moulds	1,718,705	0	1,310,901	(713,485)	0	(625,145)	1,690,976
Motor vehicles	1,364,712	0	135,643	0	(1)	(404,354)	1,096,000
Office equipment, furniture and fittings	1,196,552	0	270,603	(40,351)	(18,047)	(248,730)	1,160,027
Tools, implements and equipment	61,497	0	2,280	(45,071)	0	(18,706)	0
Electrical installation and renovation	91,847	0	259,671	(62,250)	0	(42,581)	246,687
	21,141,575	3,060,905	2,343,044	(1,086,931)	(18,048)	(2,053,708)	23,386,837

	[----------At 31.3.2015----------]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold building at cost	915,000	123,525	791,475
Long term leasehold building at 2015 valuation	10,800,000	0	10,800,000
Long term leasehold land at 2015 valuation	6,700,000	0	6,700,000
Plant and machinery	1,588,612	686,940	901,672
Moulds	3,124,081	1,433,105	1,690,976
Motor vehicles	2,851,957	1,755,957	1,096,000
Office equipment, furniture and fittings	2,671,225	1,511,198	1,160,027
Electrical installation and renovation	259,671	12,984	246,687
	28,910,546	5,523,709	23,386,837

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Balance as at 1.4.2013 RM	Additions RM	Disposals RM	Written off RM	Transfer from assets held for sale RM	Depreciation charge for the financial year RM	Balance as at 31.3.2014 RM
Carrying amount							
Freehold building at cost	828,075	0	0	0	0	(18,300)	809,775
Long term leasehold building at 2012 valuation	10,345,714	0	0	0	0	(304,286)	10,041,428
Long term leasehold land at 2012 valuation	5,000,651	0	0	0	0	(149,350)	4,851,301
Plant and machinery	665,893	539,104	0	0	0	(199,239)	1,005,758
Moulds	1,759,461	555,359	0	0	0	(596,115)	1,718,705
Motor vehicles	1,187,231	488,507	(4)	0	41,867	(352,889)	1,364,712
Office equipment, furniture and fittings	1,315,163	133,924	0	(11,618)	2,450	(243,367)	1,196,552
Tools, implements and equipment	49,046	30,000	0	0	0	(17,549)	61,497
Electrical installation and renovation	116,831	6,844	0	0	0	(31,828)	91,847
	21,268,065	1,753,738	(4)	(11,618)	44,317	(1,912,923)	21,141,575

	[At 31.3.2014]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold building at cost	915,000	105,225	809,775
Long term leasehold building at 2012 valuation	10,650,000	608,572	10,041,428
Long term leasehold land at 2012 valuation	5,150,000	298,699	4,851,301
Plant and machinery	2,419,649	1,413,891	1,005,758
Moulds	6,000,589	4,281,884	1,718,705
Motor vehicles	2,726,314	1,361,602	1,364,712
Office equipment, furniture and fittings	2,670,510	1,473,958	1,196,552
Tools, implements and equipment	95,588	34,091	61,497
Electrical installation and renovation	198,923	107,076	91,847
	30,826,573	9,684,998	21,141,575

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	[----------At 31.3.2015----------]		
Company	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RM	**RM**	**RM**
Office equipment, furniture and fittings	10,450	10,450	0

	[----------At 31.3.2014----------]		
Company	**Cost**	**Accumulated depreciation**	**Carrying amount**
	RM	**RM**	**RM**
Office equipment, furniture and fittings	10,450	10,450	0

(a) The leasehold land and building of a subsidiary was revalued on 31 March 2015 by the Directors based on a valuation exercise carried out in March 2015 by an independent professional valuer using the open market value basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2015	**2014**
	RM	**RM**
Leasehold building	8,598,958	8,869,792
Long term leasehold land	4,181,390	4,315,180
	12,780,348	13,184,972

(b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2015	**2014**
	RM	**RM**
Purchase of property, plant and equipment	2,343,044	1,753,738
Financed by hire purchase arrangements	(67,000)	(374,000)
Cash payments on purchase of property, plant and equipment	2,276,044	1,379,738

(c) As at 31 March 2015, the carrying amounts of the property, plant and equipment of the Group under hire purchase are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Motor vehicles	959,834	1,252,957
Office equipment	238,694	287,420
	1,198,528	1,540,377

(d) As at 31 March 2015, the unexpired lease periods of the long term leasehold land is 33 years (2014: 34 years). The long term leasehold land is charged as security for the banking facilities as disclosed in Note 20 to the financial statements.

(e) As at 31 March 2015, certain property, plant and equipment of the Group with carrying amounts of RM17,500,000 (2014: RM14,892,729) are charged to local banks as securities for banking facilities as disclosed in Note 19, 20 and 23 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(f) As at 31 March 2015, certain motor vehicles of the Group with carrying amount of RM112,592 (2014: RM162,631) are registered in the names of certain Directors of the Group and third parties who hold them in trust for the subsidiaries.

(g) The fair value of long term leasehold land and building (at valuation) of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2015				
Leasehold building	0	10,800,000	0	10,800,000
Long term leasehold land	0	6,700,000	0	6,700,000
	0	17,500,000	0	17,500,000
Group				
2014				
Leasehold building	0	10,650,000	0	10,650,000
Long term leasehold land	0	5,150,000	0	5,150,000
	0	15,800,000	0	15,800,000

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2015 and 31 March 2014.

(ii) Level 2 fair value of leasehold land and buildings (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

8. INVESTMENT PROPERTIES

Group	Balance as at 1.4.2014 RM	Amortisation charges for the financial year RM	Balance as at 31.3.2015 RM
Carrying amount			
Buildings	197,167	(6,500)	190,667

	[----------At 31.3.2015----------]		
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Buildings	325,000	(134,333)	190,667

Group	Balance as at 1.4.2013 RM	Amortisation charges for the financial year RM	Balance as at 31.3.2014 RM
Carrying amount			
Buildings	203,667	(6,500)	197,167

8. INVESTMENT PROPERTIES (cont'd)

	[----------At 31.3.2014----------]		
	Cost	**Accumulated amortisation and impairment**	**Carrying amount**
	RM	**RM**	**RM**
Buildings	325,000	(127,833)	197,167

(a) The fair value of the investment properties for disclosure purposes, which are at Level 3 fair value, are based on Directors' estimation by reference to market evidence of transaction prices for similar properties and recent experience in the location and category of the properties being valued.

The fair value of investment properties at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Buildings	406,000	380,000

(b) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2015 and 31 March 2014.

(c) Direct operating expenses arising from investment properties not generating rental income during the year are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Maintenance fee	3,320	3,626
Quit rent and assessment	2,312	7,727

9. GOODWILL ON CONSOLIDATION

	Group	
	2015	**2014**
	RM	**RM**
Cost		
At 31 March	551,552	551,552

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ('CGU') identified according to the operating segments as follows:

	Group	
	2015	**2014**
	RM	**RM**
Property development	551,552	551,552

9. GOODWILL ON CONSOLIDATION (cont'd)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

(i) Cash flows are projected based on the management's most recent five (5) years business plan.

(ii) Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projection is 6.80% (2014: 9.00%).

(iii) Estimated number of units sold based on current market conditions and past performances.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	**2014**
	RM	**RM**
Unquoted shares		
At cost	44,941,162	44,941,162
Less: Impairment losses	(16,663,309)	(15,502,914)
	28,277,853	29,438,248

		Interest in equity held by				
	Country of	**Company**		**Subsidiaries**		
Name of Company	**incorporation**	**2015**	**2014**	**2015**	**2014**	**Principal activities**
		%	**%**	**%**	**%**	
Emico Penang Sdn. Bhd.	Malaysia	100	100	0	0	Manufacturing of original equipment manufacturer products, awards, trophy components, medallions, souvenir, gift items, furniture products and general trading
Emico Marketing Sdn. Bhd.	Malaysia	100	100	0	0	Manufacturing and marketing of awards, trophy components, souvenir items and general trading
Emico Development Sdn. Bhd.	Malaysia	100	100	0	0	Investment holding and property development
NEB Development Berhad	Malaysia	60	60	0	0	Investment holding, property development and provision of management services
Mercu Tanah Langkawi Sdn. Bhd.	Malaysia	71	71	0	0	Investment holding
Emico Tools Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Capital Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Creative Design Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
Emico Newk Sdn. Bhd. *	Malaysia	100	100	0	0	Dormant

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Company	Country of incorporation	Interest in equity held by Company 2015 %	Company 2014 %	Subsidiaries 2015 %	Subsidiaries 2014 %	Principal activities
Subsidiaries of Emico Penang Sdn. Bhd.						
Emico Asia Sdn. Bhd.	Malaysia	0	0	100	100	Trading of houseware and furniture
Standard Trend Apparel Industries Sdn. Bhd.	Malaysia	0	0	53.3	53.3	Dormant
Subsidiaries of Emico Marketing Sdn. Bhd.						
Emico Metalizing Sdn. Bhd.	Malaysia	0	0	100	100	Chroming services
Emico Melaka Sdn. Bhd.	Malaysia	0	0	51	51	Dormant
Subsidiaries of NEB Development Berhad						
NEB Pacific Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
Unic Builders Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
Subsidiary of Mercu Tanah Langkawi Sdn. Bhd.						
Operasi Tembaga Sdn. Bhd.	Malaysia	0	0	70	70	Investment holding
Subsidiary of Operasi Tembaga Sdn. Bhd.						
PKB-Operasi Tembaga Sdn. Bhd.	Malaysia	0	0	56	56	Property development
Subsidiary of Emico Asia Sdn. Bhd.						
Emico Co. Ltd. *	People's Republic of China	0	0	100	0	Marketing of awards, trophy components, souvenir items and general trading

* The financial statements of these subsidiaries are not audited by BDO, Malaysia.

(a) Impairment loss on investment in a subsidiary amounting to RM1,160,395 (2014: RMNil) in respect of Emico Marketing Sdn. Bhd. has been recognised during the financial year due to declining business operations. The recoverable amount was determined based on a value-in-use calculation using cash flows projection based on financial budget covering a one (1) year period. The discount rate applied to the cash flows projection was 6.8% based on the weighted average cost of capital of the Company.

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	NEB Development Berhad	Other individual immaterial subsidiaries	Total
2015			
NCI percentage of ownershipinterest and voting interest	40%		
Carrying amount of NCI (RM)	7,743,155	170,191	7,913,346
Profit/(Loss) allocated to NCI (RM)	40,423	(43,283)	(2,860)
2014			
NCI percentage of ownershipinterest and voting interest	40%		
Carrying amount of NCI (RM)	7,702,732	213,474	7,916,206
Loss allocated to NCI (RM)	(192,850)	(108,420)	(301,270)

The NCI of all other subsidiaries that are not wholly owned by the Group are deemed to be immaterial.

(c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	NEB Development Berhad RM
2015	
Assets and liabilities	
Non-current assets	220,668
Current assets	19,307,771
Current liabilities	(170,551)
Net assets	19,357,888

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (cont'd):

	NEB Development Berhad RM
2015	
Results	
Revenue	2,345,000
Profit for the financial year	101,058
Total comprehensive income	101,058
Cash flows from operating activities	136,669
Cash flows from investing activities	11,786
Net increase in cash and cash equivalents	148,455
2014	
Assets and liabilities	
Non-current assets	289,055
Current assets	20,186,057
Current liabilities	(1,218,282)
Net assets	19,256,830
Results	
Revenue	2,535,450
Loss for the financial year	(482,125)
Total comprehensive loss	(482,125)
Cash flows used in operating activities	(727,659)
Cash flows from investing activities	4,191
Net decrease in cash and cash equivalents	(723,468)

11. OTHER INVESTMENTS

	Group	
	2015	2014
	RM	RM
Unquoted shares in Malaysia, at cost		
Balance at 1 April 2014/2013	1,082,300	1,082,300
Less: Investment written off	(57,500)	0
Balance at 31 March	1,024,800	1,082,300
Less: Impairment losses		
Balance at 1 April 2014/2013	(1,082,300)	(1,082,300)
Less: Reversal of impairment loss	57,500	0
Balance at 31 March	(1,024,800)	(1,082,300)
Carrying amount	0	0
Fair value	0	0

12. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2015	2014
	RM	RM
At 1 April 2014/2013	(3,104,113)	(2,975,067)
Recognised in profit or loss (Note 32)	(235,505)	(129,046)
Recognised in other comprehensive income	(765,226)	0
At 31 March	(4,104,844)	(3,104,113)
Presented after appropriate offsetting:		
Deferred tax assets	446,000	325,000
Deferred tax liabilities	(4,550,844)	(3,429,113)
	(4,104,844)	(3,104,113)

12. DEFERRED TAX (cont'd)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment	Revaluation surplus of revalued properties	Total
	RM	RM	RM
At 1 April 2014	492,602	2,936,511	3,429,113
Recognised in profit or loss	440,499	(83,994)	356,505
Recognised in other comprehensive income	0	765,226	765,226
At 31 March 2015	933,101	3,617,743	4,550,844
At 1 April 2013	82,101	3,020,505	3,102,606
Recognised in profit or loss	410,501	(83,994)	326,507
At 31 March 2014	492,602	2,936,511	3,429,113

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances
	RM
Balance as at 1 April 2014	325,000
Recognised in profit or loss	121,000
Balance as at 31 March 2015	446,000
Balance as at 1 April 2013	127,539
Recognised in profit or loss	197,461
Balance as at 31 March 2014	325,000

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Property, plant and equipment	417,600	212,400	0	0
Inventories	107,500	747,100	0	0
Unused tax losses	14,438,640	14,767,280	5,040,800	4,634,400
	14,963,740	15,726,780	5,040,800	4,634,400

12. DEFERRED TAX (cont'd)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows (cont'd):

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

13. INVENTORIES

	Group	
	2015	**2014**
	RM	**RM**
At cost		
Raw materials	1,850,414	1,615,620
Work-in-progress	982,029	721,370
Finished goods	7,150,734	6,612,270
Developed properties	601,357	2,444,672
Properties under development	19,771,733	15,715,157
Land held for property development	7,861,742	9,187,866
	38,218,009	36,296,955
At net realisable value		
Developed properties	1,930,000	1,930,000
	40,148,009	38,226,955

	Group	
	2015	**2014**
	RM	**RM**
Included in properties under development are:		
- Freehold land	812,738	701,679
- Leasehold land	1,757,030	1,757,030
- Development expenditure	18,862,965	14,917,448
	21,432,733	17,376,157
- Foreseeable loss	(1,661,000)	(1,661,000)
	19,771,733	15,715,157
Included in land held for property development are:		
- Freehold land	3,028,285	3,389,858
- Development expenditure	4,833,457	5,798,008
	7,861,742	9,187,866

a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM34,140,110 (2014: RM46,279,037).

b) In the previous financial year, there was a reversal of slow moving inventories amounted to RM176,524.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables				
Third parties	11,574,501	8,521,843	0	0
Amounts owing by related parties	1,955,763	1,280,677	0	0
	13,530,264	9,802,520	0	0
Less: Impairment loss				
- Third parties	(340,094)	(244,921)	0	0
	13,190,170	9,557,599	0	0
Other receivables				
Other receivables	2,365,966	2,643,197	0	0
Amounts owing by subsidiaries	0	0	15,279,247	20,678,971
	2,365,966	2,643,197	15,279,247	20,678,971
Less: Impairment loss				
- Other receivables	(150,098)	(354,078)	0	0
- Amounts owing by subsidiaries	0	0	(7,118,228)	(14,108,259)
	(150,098)	(354,078)	(7,118,228)	(14,108,259)
	2,215,868	2,289,119	8,161,019	6,570,712
Loans and receivables	15,406,038	11,846,718	8,161,019	6,570,712
Deposits and prepayments				
Deposits	697,763	616,298	1,000	1,000
Prepayments	580,159	529,809	38,137	53,137
	1,277,922	1,146,107	39,137	54,137
	16,683,960	12,992,825	8,200,156	6,624,849

(a) The normal trade credit terms granted by the Group on sale of goods and properties and services rendered ranges from 21 to 120 days (2014: 21 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amounts owing by related parties are unsecured, interest-free and are payable upon demand in cash and cash equivalents. The related parties are companies in which certain Directors and shareholders are connected to certain Directors of the Company.

(c) Amounts owing by subsidiaries arose mainly from unsecured advances which are interest-free and payable upon demand in cash and cash equivalents.

(d) Included in trade receivables comprise of stakeholders' retention sum amounting to RMNil (2014: RM129,249), representing monies paid by purchasers which are held by solicitors.

(e) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	10,843,683	6,280,680	8,161,019	6,570,712
United States Dollar	4,304,344	5,365,642	0	0
Chinese Renminbi	257,887	146,025	0	0
Japanese Yen	124	0	0	0
Euro	0	54,371	0	0
	15,406,038	11,846,718	8,161,019	6,570,712

14. TRADE AND OTHER RECEIVABLES (cont'd)

(f) The ageing analysis of trade receivables of the Group is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	8,950,170	5,031,411
Past due, not impaired		
1 to 30 days	2,675,448	2,873,876
31 to 60 days	610,668	1,040,260
61 to 90 days	506,165	197,089
More than 90 days	447,719	414,963
	4,240,000	4,526,188
Past due and impaired	340,094	244,921
	13,530,264	9,802,520

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired of RM4,240,000 (2014: RM4,526,188) mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Receivables of the Group and the Company that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired			
	Group		Company	
	2015	**2014**	**2015**	**2014**
Trade receivables	**RM**	**RM**	**RM**	**RM**
Trade receivables, gross	340,094	244,921	0	0
Less: Impairment loss	(340,094)	(244,921)	0	0
	0	0	0	0
Other receivables				
Other receivables, gross	150,098	354,078	7,118,228	14,108,259
Less: Impairment loss	(150,098)	(354,078)	(7,118,228)	(14,108,259)
	0	0	0	0

14. TRADE AND OTHER RECEIVABLES (cont'd)

(g) The reconciliation of movements in impairment losses are as follows:

	Group		Company	
	2015	2014	2015	2014
Trade receivables	RM	RM	RM	RM
At 1 April 2014/2013	244,921	116,092	0	0
Charge for the financial year	121,673	131,029	0	0
Written off	(26,400)	0	0	0
Reversal of impairment loss	(100)	(2,200)	0	0
At 31 March	340,094	244,921	0	0

	Group		Company	
	2015	2014	2015	2014
Other receivables	RM	RM	RM	RM
At 1 April 2014/2013	354,078	0	14,108,259	15,402,308
Charge for the financial year	50,100	354,078	0	4,705,951
Written off	(254,080)	0	(4,287,048)	0
Reversal of impairment loss	0	0	(2,702,983)	(6,000,000)
At 31 March	150,098	354,078	7,118,228	14,108,259

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(h) Information on financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.

15. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	3,468,608	2,761,211	159,290	126,597
Deposits with licensed banks	543,977	507,903	0	0
	4,012,585	3,269,114	159,290	126,597

(a) Included in the Group's cash and bank balances is an amount of RM885,608 (2014: RM752,314) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

(b) Information on financial risks of cash and bank balances is disclosed in Note 38 to the financial statements.

(c) Included in the deposits with licensed banks is an amount of RM543,977 (2014: RM507,903) pledged as security for banking facilities granted to a subsidiary as disclosed in Note 19 and 20 to the financial statements.

15. CASH AND BANK BALANCES (cont'd)

(d) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	3,036,656	2,443,780	159,290	126,597
United States Dollar	907,094	803,763	0	0
Chinese Renminbi	66,947	252	0	0
Thai Baht	837	508	0	0
Euro	424	19,147	0	0
Sterling Pound	316	316	0	0
Vietnamese Dong	224	224	0	0
Hong Kong Dollar	87	1,124	0	0
	4,012,585	3,269,114	159,290	126,597

(e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	3,468,608	2,761,211	159,290	126,597
Deposits with licensed banks	543,977	507,903	0	0
Bank overdrafts included in borrowings (Note 18)	(512,492)	(808,297)		0
	3,500,093	2,460,817	159,290	126,597
Less: Deposits pledged to licensed banks	(543,977)	(507,903)	0	0
	2,956,116	1,952,914	159,290	126,597

16. SHARE CAPITAL

	Group and Company	
	2015	**2014**
	RM	**RM**
Authorised		
Ordinary shares of RM1 each	150,000,000	150,000,000
Issued and fully paid		
Ordinary shares of RM1 each	95,926,521	95,926,521

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

17. RESERVES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-distributable:				
Share premium	7,736,782	7,736,782	7,736,782	7,736,782
Revaluation reserve	10,808,502	8,512,823	0	0
Exchange translation reserve	24,695	0	0	0
	18,569,979	16,249,605	7,736,782	7,736,782

(a) Share premium
The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

(b) Revaluation reserve
Revaluation reserve represents the surplus arising on the revaluation of the Group's leasehold land and building.

(c) Exchange translation reserve
The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

18. BORROWINGS

	Group	
	2015	2014
	RM	RM
Current liabilities		
Secured:		
Bank overdrafts (Note 19)	512,492	808,297
Short term bank loans (Note 20)	2,447,227	2,475,533
Hire purchase payables (Note 21)	265,227	350,725
Receivables financing (Note 22)	1,226,766	296,465
Term loan (Note 23)	962,609	912,489
	5,414,321	4,843,509
Non-current liabilities		
Secured:		
Hire purchase payables (Note 21)	1,029,176	1,235,447
Term loan (Note 23)	2,760,864	3,722,100
	3,790,040	4,957,547
Total borrowings		
Bank overdrafts (Note 19)	512,492	808,297
Short term bank loans (Note 20)	2,447,227	2,475,533
Hire purchase payables (Note 21)	1,294,403	1,586,172
Receivables financing (Note 22)	1,226,766	296,465
Term loan (Note 23)	3,723,473	4,634,589
	9,204,361	9,801,056

18. BORROWINGS (cont'd)

(a) All borrowings are denominated in RM.

(b) Information on financial risks of borrowings is disclosed in Note 38 to the financial statements.

19. BANK OVERDRAFTS

The bank overdrafts of the Group are secured over by:

(i) a charge on the deposits with licensed banks of RM138,916 (2014: RM134,614);

(ii) a legal charge over leasehold land and building as disclosed in Note 7 to the financial statements; and

(iii) a corporate guarantee by the Company.

20. SHORT TERM BANK LOANS

	Group	
	2015	**2014**
	RM	**RM**
Trust receipts	250,227	283,533
Banker's acceptance	2,197,000	2,192,000
	2,447,227	2,475,533

Short term bank loans of the Group are secured by:

(i) a charge on the deposits with licensed banks of RM405,061 (2014: RM373,289);

(ii) a legal charge over leasehold land and buildings as disclosed in Note 7 to the financial statements; and

(iii) a corporate guarantee by the Company.

21. HIRE PURCHASE PAYABLES

	Group	
	2015	**2014**
	RM	**RM**
Minimum hire purchase payments:		
- not later than one (1) year	325,705	428,461
- later than one (1) year but not later than five (5) years	978,877	1,059,918
- later than five (5) years	178,479	350,141
Total minimum hire purchase payments	1,483,061	1,838,520
Less: Future interest charges	(188,658)	(252,348)
Present value of hire purchase payments	1,294,403	1,586,172
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	265,227	350,725
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	862,010	906,798
- later than five (5) years	167,166	328,649
	1,294,403	1,586,172

22. RECEIVABLES FINANCING

The receivables financing of the Group are secured by:

(i) existing receivables finance agreement; and

(ii) a corporate guarantee by the Company

23. TERM LOAN

(a) The term loan of the Group are secured by:

(i) a legal charge over leasehold land and building as disclosed in Note 7 to the financial statements; and

(ii) a corporate guarantee by the Company.

(b) The term loan is repayable in sixty (60) monthly installment from November 2013.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	8,340,586	8,457,210	0	0
Amounts owing to related parties	642,018	167,150	0	0
	8,982,604	8,624,360	0	0
Other payables				
Amounts owing to:				
- subsidiaries	0	0	12,949,107	13,091,397
- Directors	2,421,615	2,000,000	2,000,000	2,000,000
- related parties	2,346,701	1,204,440	0	400,000
Other payables	2,564,859	2,410,272	23,470	11,112
Deposit received	1,101,400	1,194,000	0	0
Accruals	2,995,186	2,769,311	252,610	276,090
	11,429,761	9,578,023	15,225,187	15,778,599
	20,412,365	18,202,383	15,225,187	15,778,599

(a) Trade payables comprise amounts outstanding for trade purchases. The amount is non-interest bearing and normal trade credit terms granted to the Group ranges from 30 to 150 days (2014: 30 to 150 days).

(b) Amounts owing to subsidiaries and related parties are non-trade in nature, unsecured, interest-free and are payable upon demand in cash and cash equivalents.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

(c) The amounts owing to Directors are in respect of advances received, which are unsecured, interest-free and are payable upon demand in cash and cash equivalents.

(d) Included in accruals of the Group is retention sum on contracts amounting to RM988,242 (2014: RM786,204).

(e) Information on financial risks of trade and other payables are disclosed in Note 38 to the financial statements.

24. TRADE AND OTHER PAYABLES (cont'd)

(f) The currency exposure profile of payables are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	17,609,550	14,581,595	15,225,187	15,778,599
Chinese Renminbi	1,536,105	40,940	0	0
United States Dollar	1,217,524	3,563,956	0	0
Euro	49,186	15,892	0	0
	20,412,365	18,202,383	15,225,187	15,778,599

25. DEFERRED REVENUE

Movements of the deferred revenue are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Balance as at 1 April 2014/2013	4,841,322	10,253,450
Additions during the financial year	14,124,358	7,848,759
Recognised in profit or loss	(12,593,681)	(13,260,887)
Balance as at 31 March	6,371,999	4,841,322

Deferred revenue relates to progress billing net of discounts for which the properties have yet to be delivered.

26. CONTINGENT LIABILITIES

	Company	
	2015	**2014**
Unsecured	**RM**	**RM**
Corporate guarantees extended to local banks for credit facilities granted to subsidiaries	7,909,958	8,904,424

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

The Directors are of the view that the chances of the financial institutes to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries for banking facilities are negligible.

27. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sale of goods	60,496,424	53,524,634	0	0
Property development	14,938,681	15,696,739	0	0
Chroming services rendered	0	39,673	0	0
Management services rendered	0	0	240,000	240,000
	75,435,105	69,261,046	240,000	240,000

28. OTHER INCOME

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deposits forfeited	34,538	435,845	0	0
Gain on disposal of property, plant and equipment	0	125,989	0	0
Interest income:				
- house buyers	8,220	31,577	0	0
- financial institutions	58,564	67,513	0	22,388
Realised gain on foreign exchange	471,100	670,018	0	0
Rental received from:				
- machinery	24,000	60,000	0	0
- premises	105,000	84,000	0	0
Reversal of impairment loss on trade and other receivables (Note 14(g))	100	2,200	2,702,983	6,000,000
Sundry income	227,068	17,963	0	0
Waiver of debts by trade and other payables	573,858	67,453	0	6,454
	1,502,448	1,562,558	2,702,983	6,028,842

29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Wages, salaries, overtime and bonuses	7,623,168	6,894,842	554,150	499,674
Contributions to defined contribution plan	672,230	615,800	58,309	51,211
Social security contributions	83,472	78,947	797	797
Other benefits	655,728	596,463	0	0
	9,034,598	8,186,052	613,256	551,682

29. EMPLOYEE BENEFITS EXPENSE (cont'd)

Included in employee benefits expense are Directors' remuneration as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Executive Directors of the Company:				
Fees	45,000	34,500	45,000	34,500
Contributions to defined contribution plan	132,747	115,304	58,309	51,211
Other emoluments	1,087,982	941,927	432,197	394,721
Non-executive Directors of the Company:				
Fees	45,000	34,500	45,000	34,500
Other emoluments	8,750	12,750	8,750	12,750
Executive Directors of the subsidiaries:				
Contributions to defined contribution plan	26,265	21,108	0	0
Other emoluments	169,004	137,827	0	0
	1,514,748	1,297,916	589,256	527,682

30. FINANCE COSTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
- bank overdrafts	55,162	25,476	0	0
- short term bank loans	135,048	98,198	0	0
- hire purchase	79,253	89,855	0	0
- term loan	241,761	113,272	0	0
- Redeemable Secured Loan Stocks	0	278,625	0	278,625
- others	50,819	44,325	11	13
	562,043	649,751	11	278,638

31. PROFIT BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax is arrived at after charging:				
Amortisation of investment properties (Note 8)	6,500	6,500	0	0
Audit fee				
- current year	110,750	103,700	27,510	26,200
- underprovision in prior years	2,050	0	0	0
Bad debts written off	60,423	0	0	0
Depreciation of property, plant and equipment (Note 7)	2,053,708	1,912,923	0	0
Impairment losses on:				
- trade receivables (Note 14(g))	121,673	131,029	0	0
- other receivables (Note 14(g))	50,100	354,078	0	4,705,951
- investments in a subsidiary	0	0	1,160,395	0
Loss on disposal of property, plant and equipment	367	0	0	0
Property, plant and equipment written off (Note 7)	18,048	11,618	0	0
Realised loss on foreign exchange	28,671	2,571	0	0
Rental of:				
- equipment	1,710	1,524	0	0
- machinery	1,200	300	0	0
- premises	507,178	531,211	0	0

32. TAX EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current taxation based on profit for the financial year	593,830	19,438	0	0
Overprovision of tax in prior year	(3,802)	(72,681)	0	0
	590,028	(53,243)	0	0
Deferred tax (Note 12):				
- relating to origination and reversal of temporary differences	343,800	199,600	0	0
- crystallisation of deferred tax liability on revaluation surplus	(83,994)	(83,994)	0	0
- (over)/under provision in prior year	(24,301)	13,440	0	0
	235,505	129,046	0	0
	825,533	75,803	0	0

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profits for the fiscal year.

32. TAX EXPENSE (cont'd)

The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit before tax	2,617,773	102,857	1,001,017	345,717
Tax at the applicable tax rate of 25%	654,443	25,714	250,300	86,500
Tax effects of:				
- expenses not deductible for tax purpose	549,926	445,190	323,800	1,332,400
- income not subject to tax	(159,973)	(175,360)	(675,700)	(1,500,000)
Utilisation of deferred tax assets previously not recognised	(326,900)	(371,100)	0	0
Deferred tax assets not recognised during the financial year	136,140	210,600	101,600	81,100
(Over)/Underprovision in prior year				
- income tax	(3,802)	(72,681)	0	0
- deferred tax	(24,301)	13,440	0	0
Tax expense for the financial year	825,533	75,803	0	0

Tax on each component of other comprehensive income is as follows:

		Group 2015	
	Before tax	**Tax effect**	**After tax**
	RM	**RM**	**RM**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	24,695	0	24,695
Items that will not be reclassified subsequently to profit or loss			
Gross revaluation increase of properties	3,060,905	(765,226)	2,295,679

33. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	**2014**
	RM	**RM**
Profit attributable to equity holders of the parent	1,795,100	328,324
Weighted average number of ordinary shares in issue (unit)	95,926,521	95,926,521
Basic earnings per ordinary share (Sen)	1.87	0.34

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is the same as basic earnings per share as there is no dilutive potential ordinary share.

34. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2015	**2014**
	RM	**RM**
Not later than one (1) year	123,600	324,000
Later than one (1) year and not later than five (5) years	11,700	108,000
	135,300	432,000

(b) The Group as lessor

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2015	**2014**
	RM	**RM**
Not later than one (1) year	156,000	50,000
Later than one (1) year and not later than five (5) years	624,000	0
Later than five (5) years	702,000	0
	1,482,000	50,000

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) In addition to the transaction and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Subsidiaries:				
Management fee received				
- Emico Development Sdn. Bhd.	0	0	120,000	120,000
- Emico Asia Sdn. Bhd.	0	0	120,000	120,000
Related parties				
Purchases:				
- Century Plas Industries Sdn. Bhd.	8,600,193	8,208,851	0	0
- U-Can Marketing Sdn. Bhd.	135,051	217,325	0	0
- Emico (Vietnam) Co., Ltd.	1,327,397	0	0	0
Sales:				
- Century Plas Industries Sdn. Bhd.	6,063,931	6,249,141	0	0
- U-Can Marketing Sdn. Bhd.	32,081	16,201	0	0
Rental of machinery received:				
- Century Plas Industries Sdn. Bhd.	24,000	60,000	0	0
Rental of premises received:				
- Century Plas Industries Sdn. Bhd.	141,000	120,000	0	0
Rental of premises paid and payable:				
- Beng Choo Marketing Sdn. Bhd.	360,000	360,000	0	0

The related party transactions described above were under taken on mutually agreed and negotiated terms.

The related parties are companies in which certain Directors of the Group and their family members have significant financial and controlling interests.

Information regarding outstanding balances arising from related party transactions as at 31 March 2015 are disclosed in Notes 14 and 24 to the financial statements.

35. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	1,355,736	1,161,504	530,947	476,471
Contributions to defined contribution plans	159,012	136,412	58,309	51,211
	1,514,748	1,297,916	589,256	527,682
Estimated cash value of benefits-in-kind provided to Directors	71,684	54,350	0	0

36. OPERATING SEGMENTS

Emico Holdings Berhad is principally involved in investment holding and its subsidiaries are principally engaged in manufacturing, trading of consumable products and property development.

Emico Holdings Berhad has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Consumable products - Manufacturing and trading of consumable products
(ii) Property development - Development of land into residential and commercial building
(iii) Investment holding

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

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring gains/(losses), such as bargain purchase gain and goodwill on consolidation written off.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial year.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities.

36. OPERATING SEGMENTS (cont'd)

	Consumable products RM	Property development RM	Investment holding RM	Group RM
2015				
Revenue:				
Total revenue	72,414,378	14,938,681	240,000	87,593,059
Inter-segment revenue	(11,917,954)	0	(240,000)	(12,157,954)
Revenue from external customers	60,496,424	14,938,681	0	75,435,105
Interest income	30,055	36,729	0	66,784
Finance costs	(526,063)	(35,969)	(11)	(562,043)
Net finance (expense)/income	(496,008)	760	(11)	(495,259)
Depreciation and amortisation	(1,771,022)	(289,186)	0	(2,060,208)
Segment profit/(loss) before income tax	1,435,541	2,022,708	(840,476)	2,617,773
Tax expenses				(825,533)
Other non-cash items:				
- impairment losses on trade and other receivables	5,414	166,359	0	171,773
- property, plant and equipment written off	5,292	12,756	0	18,048
- loss on disposal of property, plant and equipment	0	367	0	367
Additions to non-current assets other than financial instruments and deferred tax assets	2,235,864	107,180	0	2,343,044
Segment assets	45,723,162	38,495,323	755,125	84,973,610
Segment liabilities	19,136,346	14,484,650	2,367,729	35,988,725

36. OPERATING SEGMENTS (cont'd)

	Consumable products RM	Property development RM	Investment holding RM	Group RM
2014				
Revenue:				
Total revenue	63,002,134	15,696,739	240,000	78,938,873
Inter-segment revenue	(9,437,827)	0	(240,000)	(9,677,827)
Revenue from external customers	53,564,307	15,696,739	0	69,261,046
Interest income	11,753	64,949	22,388	99,090
Finance costs	(332,156)	(38,957)	(278,638)	(649,751)
Net finance (expense)/income	(320,403)	25,992	(256,250)	(550,661)
Depreciation and amortisation	(1,640,702)	(278,721)	0	(1,919,423)
Segment profit/(loss) before income tax	909,671	211,363	(1,018,177)	102,857
Tax expenses				(75,803)
Other non-cash items:				
- impairment losses on trade and other receivables	255,860	229,247	0	485,107
- property, plant and equipment written off	11,618	0	0	11,618
- reversal of slow moving inventories	(176,524)	0	0	(176,524)
- net gain on disposal of property, plant and equipment	(29,998)	(95,991)	0	(125,989)
Additions to non-current assets other than financial instruments and deferred tax assets	1,735,635	18,103	0	1,753,738
Segment assets	41,343,176	34,298,530	737,482	76,379,188
Segment liabilities	18,136,547	11,872,113	2,836,101	32,844,761

36. OPERATING SEGMENTS (cont'd)

(a) Reconciliations

Reconciliations of reportable segment revenue and profit or loss to the Group's corresponding amounts are as follows:

	2015	2014
Revenue	**RM**	**RM**
Total revenue for reportable segments	87,593,059	78,938,873
Elimination of inter-segment revenue	(12,157,954)	(9,677,827)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	75,435,105	69,261,046
Profit for the financial year		
Total profit for reportable segments	2,617,773	102,857
Elimination of inter-segment profits	0	0
Profit before tax	2,617,773	102,857
Tax expenses	(825,533)	(75,803)
Profit for the financial year	1,792,240	27,054
Assets		
Total assets for reporting segments	84,973,610	76,379,188
Tax assets	543,018	444,212
Assets of the Group per consolidated statement of financial position	85,516,628	76,823,400
Liabilities		
Total liabilities for reporting segments	35,988,725	32,844,761
Tax liabilities	5,320,870	3,884,220
Liabilities of the Group per consolidated statement of financial position	41,309,595	36,728,981

(b) Geographical information

The Group's manufacturing facilities and sales offices are mainly based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated. Segment assets are based on the geographical location of the Group's assets. The non-current assets do not include financial instruments and deferred tax assets.

	2015	2014
Revenue from external customers	**RM**	**RM**
Malaysia	30,101,561	30,740,148
Europe	39,089,659	33,987,203
Other countries	6,243,885	4,533,695
	75,435,105	69,261,046
Non-current assets		
Malaysia	24,129,056	21,890,294

36. OPERATING SEGMENTS (cont'd)

(c) Major customers

Revenue from two (2) major customers (2014: one) in the consumable products segment amounted to RM24,947,803 (2014: RM16,608,607) with revenue more than 10% of the Group's revenue.

37. FINANCIAL INSTRUMENTS

(a) Capital management

The Group's objectives and policies of managing capital are to safeguard the Group's ability to continue in its operations as going concerns in order to provide fair returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust/vary the dividend payouts to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity and borrowings to be the key components in the Group capital structure. The Group monitors capital on the basis of gearing ratio. The Group includes within net debt, borrowings less deposits with a licensed bank and cash and bank balances. There were no changes in the Group's approach to capital management during the financial year. The debts-to-equity as at 31 March 2015 and 31 March 2014 were as follows:

	Group	
	2015	**2014**
	RM	**RM**
Borrowings	9,204,361	9,801,056
Less:		
Cash and bank balances	(3,468,608)	(2,761,211)
Deposits with licensed banks	(543,977)	(507,903)
Net debt	5,191,776	6,531,942
Total capital	36,293,687	32,178,213
Net debt	5,191,776	6,531,942
Equity	41,485,463	38,710,155
Gearing ratio	13%	17%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Company did not trigger any of the prescribed criteria in this Practice Note during the financial year ended 31 March 2015.

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments

	Loans and receivables			
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
Trade and other receivables (excluding deposits and prepayment)	15,406,038	11,846,718	8,161,019	6,570,712
Cash and bank balances	4,012,585	3,269,114	159,290	126,597
	19,418,623	15,115,832	8,320,309	6,697,309

	Other financial liabilities			
	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial liabilities				
Trade and other payables	20,412,365	18,202,383	15,225,187	15,778,599
Borrowings	9,204,361	9,801,056	0	0
	29,616,726	28,003,439	15,225,187	15,778,599

c) Methods and assumptions used to estimate fair value

(i) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair value of these borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(ii) Amounts owing by subsidiaries and fixed rate bank loans

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

37. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
As at 31 March 2015										
Financial assets										
Loan and receivables										
- Trade and other receivables	0	0	0	0	0	0	15,406,038	15,406,038	15,406,038	15,406,038
Financial liabilities										
Other financial liabilities										
- Bank overdrafts	0	0	0	0	0	512,492	0	512,492	512,492	512,492
- Short term bank loans	0	0	0	0	0	2,447,227	0	2,447,227	2,447,227	2,447,227
- Hire purchase creditors	0	0	0	0	0	1,264,829	0	1,264,829	1,264,829	1,294,403
- Receivables financing	0	0	0	0	0	1,226,766	0	1,226,766	1,226,766	1,226,766
- Term loan	0	0	0	0	0	3,723,473	0	3,723,473	3,723,473	3,723,473
Unrecognised financial liabilities										
- Contingent liabilities	0	0	0	0	0	0	*	0	0	0
Company										
As at 31 March 2015										
Financial assets										
Loan and receivables										
- Trade and other receivables	0	0	0	0	0	0	8,161,019	8,161,019	8,161,019	8,161,019

37. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position (cont'd).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
Group										
As at 31 March 2014										
Financial assets										
Loan and receivables										
- Trade and other receivables	0	0	0	0	0	0	11,846,718	11,846,718	11,846,718	11,846,718
Financial liabilities										
Other financial liabilities										
- Bank overdrafts	0	0	0	0	0	808,297	0	808,297	808,297	808,297
- Short term bank loans	0	0	0	0	0	2,475,533	0	2,475,533	2,475,533	2,475,533
- Hire purchase creditors	0	0	0	0	0	1,549,717	0	1,549,717	1,549,717	1,586,172
- Receivables financing	0	0	0	0	0	296,465	0	296,465	296,465	296,465
- Term loan	0	0	0	0	0	4,634,589	0	4,634,589	4,634,589	4,634,589
Unrecognised financial liabilities										
- Contingent liabilities	0	0	0	0	0	0	*	0	0	0
Company										
As at 31 March 2014										
Financial assets										
Loan and receivables										
- Trade and other receivables	0	0	0	0	0	0	6,570,712	6,570,712	6,570,712	6,570,712

* The Company provides corporate guarantees to the financial institutions for banking facilities granted to subsidiaries as disclosed in Note 26 to the financial statements. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities is remote.

37. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

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

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

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2015 and 31 March 2014.

(e) The Group has established guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period generally range from one (1) month to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain control over its outstanding receivables via credit control to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2015		2014	
	RM	% of total	RM	% of total
By country:				
Malaysia	9,062,147	69%	4,437,705	46%
Sweden	1,683,994	13%	2,825,666	30%
United Kingdom	1,039,402	8%	763,437	8%
Italy	800,655	6%	427,219	5%
China	218,835	1%	222,873	2%
Indonesia	145,544	1%	192,500	2%
United States of America	139,262	1%	415,247	4%
Vietnam	8,446	0%	0	0%
Poland	0	0%	85,302	1%
Others	91,885	1%	187,650	2%
	13,190,170	100%	9,557,599	100%

At the end of the reporting period, approximately:

20.9% (2014: 33.6%) of the Group's trade receivables were due from major customers who are multi-industry conglomerates located in Sweden, United Kingdom and Malaysia.

14.5% (2014: 13.4%) of the Group's trade receivables were due from related parties.

99.5% (2014: 99.2%) the Company's other receivables were due from subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 14 to the financial statements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 March 2015				
Group				
Financial liabilities:				
Trade and other payables	20,412,365	0	0	20,412,365
Borrowings	5,474,800	3,740,579	177,640	9,393,019
Total undiscounted financial liabilities	25,887,165	3,740,579	177,640	29,805,384
Company				
Financial liabilities:				
Trade and other payables	15,225,187	0	0	15,225,187
Total undiscounted financial liabilities	15,225,187	0	0	15,225,187
As at 31 March 2014				
Group				
Financial liabilities:				
Trade and other payables	18,202,383	0	0	18,202,383
Borrowings	4,920,863	4,782,400	350,141	10,053,404
Total undiscounted financial liabilities	23,123,246	4,782,400	350,141	28,255,787
Company				
Financial liabilities:				
Trade and other payables	15,778,599	0	0	15,778,599
Total undiscounted financial liabilities	15,778,599	0	0	15,778,599

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments would fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rates debts. The Group monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

As at 31 March 2015, if interest rates at the date had been 50 basis points lower with all other variables held constant, post-tax profits for the financial year would have been RM32,479 (2014: RM34,849) higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, post-tax profits would have been RM32,479 (2014: RM34,849) lower, arising mainly as a result of higher interest expense on variable borrowings. Profit is more sensitive to interest rate decreases than increases because of borrowings with capped interest rates. The sensitivity is lower in 2015 than in 2014 because of a decrease in outstanding borrowings that has occurred. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk :

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 March 2015									
Fixed rate									
Deposits with licensed banks	15	3.23	543,977	0	0	0	0	0	543,977
Hire purchase payables	18	5.22	(239,942)	(233,221)	(216,596)	(227,618)	(184,575)	(167,166)	(1,269,118)
Floating rates									
Bank overdrafts	18	8.73	(512,492)	0	0	0	0	0	(512,492)
Short term bank loans									
- banker's acceptance	18	5.02	(2,197,000)	0	0	0	0	0	(2,197,000)
- trust receipts	18	8.85	(250,227)	0	0	0	0	0	(250,227)
			(2,447,227)	0	0	0	0	0	(2,447,227)
Hire purchase payables	18	7.60	(25,285)	0	0	0	0	0	(25,285)
Receivables financing	18	2.17	(1,226,766)	0	0	0	0	0	(1,226,766)
Term loan	18	5.85	(962,609)	(1,020,456)	(1,081,780)	(658,628)	0	0	(3,723,473)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk (cont'd):

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 31 March 2014									
Fixed rate									
Deposits with licensed banks	15	3.15	507,903	0	0	0	0	0	507,903
Hire purchase payables	18	5.27	(259,815)	(231,823)	(224,026)	(207,135)	(217,695)	(328,649)	(1,469,143)
Floating rates									
Bank overdrafts	18	8.36	(808,297)	0	0	0	0	0	(808,297)
Short term bank loans									
- banker's acceptance	18	4.68	(2,192,000)	0	0	0	0	0	(2,192,000)
- trust receipts	18	8.60	(283,533)	0	0	0	0	0	(283,533)
			(2,475,533)	0	0	0	0	0	(2,475,533)
Hire purchase payables	18	7.60	(90,910)	(26,119)	0	0	0	0	(117,029)
Receivables financing	18	2.09	(296,465)	0	0	0	0	0	(296,465)
Term loan	18	2.09	(912,489)	(964,920)	(1,020,364)	(1,078,994)	(657,822)	0	(4,634,589)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (in United States Dollar, Chinese Renmimbi, Thai Bath, Euro, Sterling Pound, Vietnamese Dong and Hong Kong Dollar) amounted to RM975,929 (2014: RM825,334) for the Group.

Transactional currency exposures arise from sales and purchases that are denominated in currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar.

During the financial year, the Group obtained a foreign currency forward facility with a bank to manage exposures to currency risk for receivables which are denominated in a currency other than the functional currency of the Group. However, there was no foreign currency forward contract outstanding as at 31 March 2015.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to reasonable possible change in the United States Dollar, Chinese Renminbi and Euro exchange rate against the respective functional currency of the Group entities, with all other variables held constant.

		Group Profit net of tax	
		2015 **RM**	**2014** **RM**
USD/RM	- Strengthened 5%	+199,696	+203,010
	- Weakened 5%	-199,696	-203,010
Chinese Renminbi/RM	- Strengthened 5%	-60,564	+3,788
	- Weakened 5%	+60,564	-3,788
Euro/RM	- Strengthened 5%	-2,438	+3,005
	- Weakened 5%	+2,438	-3,005

39. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED LOSSES

The accumulated losses as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total accumulated losses of Emico Holdings Berhad and its subsidiaries				
- Realised	(85,489,218)	(94,984,366)	(82,377,291)	(83,378,308)
- Unrealised	348,100	(167,601)	0	0
	(85,141,118)	(95,151,967)	(82,377,291)	(83,378,308)
Add: Consolidation adjustments	6,938,305	15,154,054	0	0
Total Group/Company's accumulated losses as per consolidated financial statements	(78,202,813)	(79,997,913)	(82,377,291)	(83,378,308)

Authorised Share Capital	: RM150,000,000
Issued and Fully Paid Up Capital	: RM95,926,521
Class of Shares	: Ordinary shares of RM1 each
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

			No. of Shares Held		No. of Shareholders	
Size of Holdings			**Quantity**	**%**	**Number**	**%**
1	To	99	738	–	21	0.68
100	To	1,000	663,754	0.69	737	23.73
1,001	To	10,000	7,069,681	7.37	1,464	47.15
10,001	To	100,000	28,235,930	29.44	761	24.51
100,001	To	4,796,325 (*)	54,354,818	56.66	121	3.90
4,796,326 AND ABOVE (**)			5,601,600	5.84	1	0.03
Total			95,926,521	100.00	3,105	100.00

REMARK: * Less than 5% of issued shares
** 5% or more of issued shares

SUBSTANTIAL SHAREHOLDERS

		No. of Shares Held			
	Name	**Direct**	**%**	**Indirect**	**%**
1.	Lim Poh Leng	5,601,600	5.84	21,285,359 #	22.19
2.	Lim Teck Chye	2,436,130	2.54	24,450,829 #	25.49
3.	Lim Poh Hoon	112,000	0.12	26,774,959 #	27.91
4.	Lim Teik Hian	52,000	0.06	26,834,959 #	27.97

Note:

By virtue of their beneficial interest in the shares held by Mercsec Nominees (Tempatan) Sdn. Bhd., Affin Hwang Nominees (Tempatan) Sdn. Bhd., PM Nominees (Tempatan) Sdn. Bhd., Alliancegroup Nominees (Tempatan) Sdn. Bhd., CIMSEC Nominees (Tempatan) Sdn. Bhd., Maybank Nominees (Tempatan) Sdn. Bhd. and Beng Choo Marketing Sdn. Bhd. for the substantial shareholders listed above. In addition it includes the deemed interest via their family members Lim Teik Hian (brother), Lim Poh Hoon (sister), Lim Teck Chye (brother) and Lim Poh Leng (sister).

DIRECTORS' SHAREHOLDINGS

		No. of Shares Held			
	Name	**Direct**	**%**	**Indirect**	**%**
1.	Lim Teik Hian	52,000	0.06	26,834,959 #	27.97
2.	Lim Teck Chye	2,436,130	2.54	24,450,829 #	25.49
3.	Wong Sew Yun	895,859	0.93	–	–

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 JUNE 2015

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

	Name	No. of Shares	Percentage
1.	Lim Poh Leng	5,601,600	5.84
2.	PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	4,683,300	4.88
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	4,066,800	4.24
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	2,630,000	2.74
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lim Poh Leng	1,997,000	2.08
6.	Beng Choo Marketing Sdn Bhd	1,964,212	2.05
7.	Chan Lay Li	1,822,000	1.90
8.	CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Geok Wah	1,342,100	1.40
9.	Chan Kok Wah	1,337,200	1.39
10.	Lim Teck Chye	1,225,100	1.28
11.	Lim Teck Chye	1,211,030	1.26
12.	Tan Chee Seng	1,000,000	1.04
13.	Teoh Wah Ing	1,000,000	1.04
14.	Pang Lan Yin	943,000	0.98
15.	Wong Sew Yun	895,859	0.93
16.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	850,900	0.89
17.	Chong Khim Wong	745,000	0.78

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person) (cont'd)

	Name	No. of Shares	Percentage
18.	Soon Lay Choo	705,000	0.74
19.	Lim Sok Bee	700,000	0.73
20.	Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	692,600	0.72
21.	Pang Lan Yin	691,400	0.72
22.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	684,000	0.71
23.	Ho Yin Keong	600,000	0.63
24.	Lim Sok Hui	593,000	0.62
25.	Mercury Industries Berhad	510,000	0.53
26.	Hupson (B'worth) Sdn Bhd	500,000	0.52
27.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hon Meng Heng	500,000	0.52
28.	Teoh Soon Lee	500,000	0.52
29.	Tye Sok Cin	500,000	0.52
30.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Wing Hoong	477,100	0.50
	Total	40,968,201	42.70

LIST OF PROPERTIES

AS AT 31 MARCH 2015

Location	Tenure	Description/ Existing Use	Land Area (sq ft)	Built-up Area (sq ft)	Age of Building (Years)	Net Book Value RM'000	Acquisition/ Revaluation *
Plot 18 & 19 Kawasan Perindustrian Bayan Lepas, Mukim 12 Daerah Barat Daya, Pulau Pinang	60-years Leasehold Expiring 2046 and 2047 respectively	Land and factory buildings, warehouse and office for industrial use	79,096	147,214	23 to 30	17,500	2015*
Unit 2-5-9 Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	–	2,031	20	191	1992
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office building	2,800	7,394	7	791	2008
Taman Batik Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	On-going mix development project	93,876	–-	–	287	1996
Bandar Mutiara Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	Land held for development and on-going mix development project	1,206,150	–-	–	3,554	1996
Taman Simfoni Bandar Kuah, Daerah Langkawi, Kedah	99 years Leasehold Expiring 2112	On-going mix development project	760,029	–-	–-	1,757	1996

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Friday, 28 August 2015 at 11.00 a.m. for the following purposes :

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2015 together with the Reports of Directors and Auditors thereon. — Please refer to Note 6

2. To approve the increase in Directors' Fees and the payment of Directors' Fees for the financial year ended 31 March 2015. — **Resolution 1**

3. To consider and if thought fit, to pass with or without modifications, the following special resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "That Mr. Ng Chee Kong, who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company." — **Resolution 2**

4. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   i. Mr. Lim Teik Hian — **Resolution 3**
   ii. Mr. Wong Thai Sun — **Resolution 4**

5. To re-appoint Messrs. BDO as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. — **Resolution 5**

As Special Business :
To consider and if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions :

6. **PROPOSED RENEWAL OF GENERAL MANDATE FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**
   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, 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, deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." — **Resolution 6**

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE**

"THAT, subject always to the Companies Act, 1965 (Act), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and/or any other regulatory authorities, the authority be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and that such authority shall continue to be in force until:

(a) the conclusion of the next annual general meeting (AGM) of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by an ordinary resolution passed at the AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earlier;

AND THAT, the Executive Directors of the Company be and are hereby authorized to complete and do all such acts including executing any documents as may be required to give full effect to such transactions authorized by this resolution. **Resolution 7**

8. **PROPOSED CONTINUATION OF MR. WONG SEW YUN IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT authority be and is hereby given to Mr. Wong Sew Yun who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." **Resolution 8**

9 **PROPOSED CONTINUATION OF MR. NG CHEE KONG IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT authority be and is hereby given to Mr. Ng Chee Kong who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." **Resolution 9**

10. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Twenty-Third Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 21 August 2015. Only a depositor whose name appears on the Record of Depositors as at 21 August 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Joint Secretaries

Penang
Date : 06 August 2015

NOTES ON APPOINTMENT OF PROXY

1. *A proxy may but need not be a member of the Company and the provisions of the Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.*

2. *For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.*

3. *A member shall be entitled to appoint one (1) proxy to attend and vote instead of him at the same meeting and where a member appoints more -than one (1) proxy to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.*

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

5. *In the case of a corporate members, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

EXPLANATORY NOTE ON ORDINARY BUSINESS

6. *Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence, the Agenda 1 is not put forward for voting.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. *The Resolution 6 is to seek a renewal of general mandate for the Directors of the Company for allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next Annual General Meeting.*

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

   As at the date of notice of the meeting, no shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company and of which, it will lapse at the conclusion of the Twenty-Third Annual General Meeting of the Company to be held on 28 August 2015.

8. *The Resolution 7 is to seek a renewal of general mandate for the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company, particulars of which are set out in the Circular to Shareholders dated 6 August 2015 which has been dispatched together with the Company's 2015 Annual Report.*

9. *The Resolutions 8 and 9 are to seek approval for the independent non-executive directors who had served more than 9 years to be retained and continue to act as independent directors to fulfill the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the recommendation 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in Page 28 of the Company's 2015 Annual Report.*

10. *2015 Annual Report*
    The 2015 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request. The Annual Report can also be downloaded from the Company's website at www.emico.com.my.

    Shareholders who wish to receive the printed Annual Report, kindly contact Puan Nor Azimah Binti Bulat at telephone no. 03-22643883 or email your request to nor.azimah@my.tricorglobal.com.

EMICO HOLDINGS BERHAD
(Company No. 230326-D)
(Incorporated in Malaysia)

*I/We……

…… (*I/C No. / Passport No. / Company No. …….) of …….

……

…… being a *member/members of the above named Company,

hereby appoint …… (*I/C No. / Passport No.

……) of ……

……

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Friday, 28 August 2015 at 11.00 a.m., and at any adjournment thereof.

RESOLUTION	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
FOR									
AGAINST									

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this ……day of……..…..,2015.

No. of shares held

…….
Signature(s)/Common Seal of member(s)

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :		
	No. of Shares	%
Proxy 1		
Proxy 2		
		100

Notes

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *For a proxy to be valid, this form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.*
3. *A member shall be entitled to appoint one (1) or more proxies to attend and vote instead of him at the same meeting and where a member appoints more than one (1) proxy to vote at the same meeting, such appointment shall be invalid unless he specify the proportion of his shareholding to be represented by each proxy.*
4. *Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.*
5. *In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
6. *In respect of deposited securities, only a depositor whose name appear on the Record of Depositors on 21 August 2015 shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.*

**strike out whichever is not desired.*

Fold this flag sealing

2nd fold here

Stamp Here

The Company Secretary
EMICO Holdings Berhad
51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1st fold here

EMICO®

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