

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

UNDERSTANDING

We listen to our customers to understand and meet their needs

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

FLEXIBLE & FRIENDLY

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

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

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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 & Issuing House Services

Sdn Bhd (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3,

Bangsar South, No. 8 Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

T: (60) 3 2783 9299

F: (60) 3 2783 9222

CUSTOMER SERVICE CENTRE

Unit G-3, Ground Floor, Vertical Podium

Avenue 3, Bangsar South

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

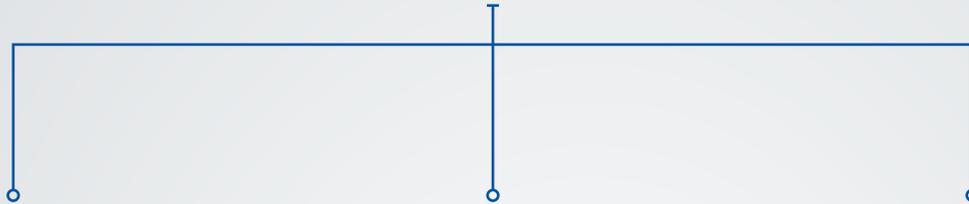
Main Market of the Bursa Malaysia Securities Berhad

STOCK NAME EMICO

STOCK CODE 9091

SECTOR Consumer Products

CORPORATE STRUCTURE



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



Trophy



Contract Manufacturing



Trading & Sourcing



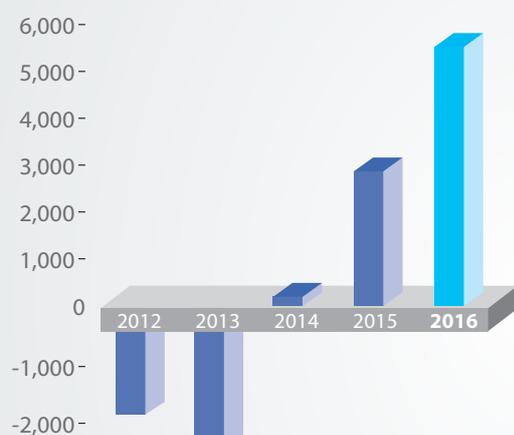
Property Development



GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	FY2012 (15 months) RM'000	FY2013 (12 months) RM'000	FY2014 (12 months) RM'000	FY2015 (12 months) RM'000	FY2016 (12 months) RM'000
Revenue	87,503	77,650	69,261	75,435	80,018
Profit/(Loss) Before Tax	(1,534)	(2,351)	103	2,618	5,871
Share Capital	95,927	95,927	95,927	95,927	95,927
Net Assets	34,300	31,850	32,178	36,294	40,947
Net Assets Per Share (SEN)	0.35	0.33	0.33	0.37	0.43
Net Earnings Per Share (SEN)	(2.05)	(2.06)	0.34	1.87	3.82

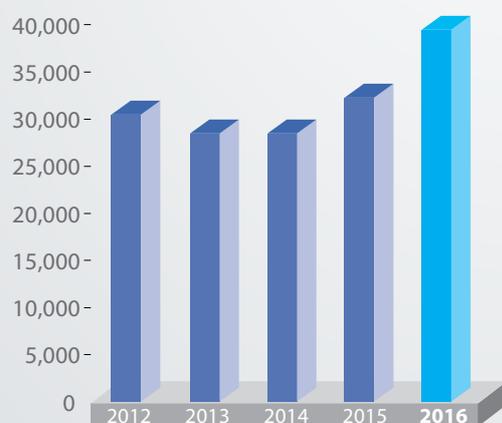
Profit/(Loss) Before Tax (RM'000)



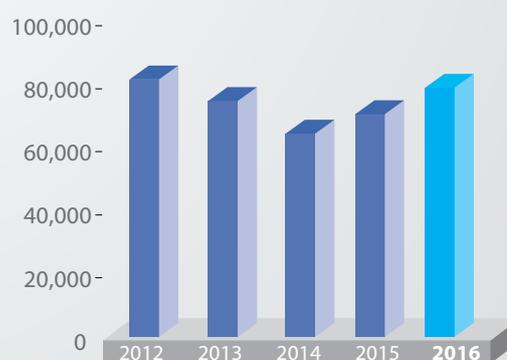
Net Earnings Per Share (SEN)



Net Assets (RM'000)



Revenue (RM'000)



PRODUCT OFFERINGS





FROM LEFT TO RIGHT

LIM TECK CHYE

NG CHEE KONG

JIMMY ONG CHIN KENG

LIM TEIK HIAN

WONG SEW YUN

WONG THAI SUN



LIM TEIK HIAN
Executive Chairman

Mr Lim Teik Hian, a Malaysian aged 49 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 53 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 42, 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 73 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 all Board meetings held during the financial year.



WONG SEW YUN

Independent and Non-Executive Director

Mr Wong Sew Yun, a Malaysian aged 60 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 61 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.



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 2016

REVIEW OF RESULTS

For the current financial year under review, the group recorded a higher turnover of RM80.02 million, which represents an increase of 6.07% from RM75.44 million recorded in the last financial year (FY2015). The group recorded a profit before tax (PBT) of RM5.87 million for FY2016 as compared to RM2.62 million for FY2015. The significant increase in PBT for FY2016 was mainly due to the improved performance from all operating segments.

DIVIDEND

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 March 2016.

REVIEW OF OPERATIONS

CONSUMABLE PRODUCTS SEGMENT

a. Manufacturing of Consumable Products

The manufacturing of consumable products division posted a 12.64% growth in turnover increasing from RM41.78 million in FY2015 to RM47.06 million for FY2016. It also achieved a higher PBT of RM3.39 million for FY2016 as compared to RM0.76 million for FY2015.

i. Trophy

The export of trophy products has recorded an exceptional growth of 30.28% in turnover during FY2016. The new concept of bespoke trophies and products introduced in the last financial year was well received with tremendous response from our existing and new customers. Our formula of having close collaboration with customers in product design and development has enabled us to keep abreast of the trend and demand of the market. As such, it has enhanced our position as the preferred trophy manufacturer worldwide.

In addition, the weakening of Ringgit against the US Dollars during the year has also contributed positively to higher turnover.

Our wholly owned subsidiary in China, Emico Co., Ltd. has reported a loss before tax ("LBT") of RM0.34 million for FY2016 and RM0.45 million for FY2015 respectively, as it is still in the early stage of establishing a strong foothold in the China market. We will continue our effort to increase the marketing network through appointment of distributors in various provinces in China and introduce new series of exciting products that meet the market demand.

As for the domestic front, the implementation of Goods & Services Tax (GST) on 1 April 2015 and weak market sentiment has a dampening effect on consumption and spending. As such, we only achieved a marginal growth of 3.43% in turnover increasing from RM15.16 million in FY2015 to RM15.68 million for FY2016.

“recorded a profit before tax (PBT) of RM5.87 million for FY2016 as compared to RM2.62 million for FY2015”





“The manufacturing of consumable products division posted a 12.64% growth in turnover increasing from RM41.78 million in FY2015 to RM47.06 million for FY2016”

REVIEW OF OPERATIONS (cont'd)

CONSUMABLE PRODUCTS SEGMENT

a. Manufacturing of Consumable Products

ii. Contract Manufacturing

The turnover from the contract manufacturing division recorded a growth of 7.15% increasing from RM14.26 million in FY2015 to RM15.28 million for FY2016 despite the challenges and economic slowdown in Europe. The weakening of Ringgit against the US Dollars during the year also contribute positively to higher turnover.

It was indeed a great challenge for us to maintain our competitiveness due to the increasing operational costs. However, we were able to overcome this challenge by continuously improve on our manufacturing processes for better efficiency and productivity to enable optimum results. Price negotiation exercise with our major suppliers and customers were made periodically to ensure competitive pricing for both parties.

b. Trading of Home Furnishing Products

The trading of home furnishing products division posted a drop of 21.59% in turnover decreasing from RM18.71 million in FY2015 to RM14.67 million for FY2016. The decline in turnover was caused by the cessation of retail business by one of its major customers during the fourth quarter of the financial year. In tandem with the lower turnover, it achieved a lower PBT of RM0.42 million for FY2016 as compared to RM0.68 million for FY2015.



PROPERTY DEVELOPMENT SEGMENT

The property segment posted a 22.37% growth in turnover from RM14.94 million for FY2015 to RM18.28 million for FY2016. In tandem with the higher turnover, it recorded a higher PBT of RM2.93 million for FY2016 as compared to RM2.02 million for FY2015.

i. 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 were carried out on a moderate scale to meet the market demand.

During the year, we have completed and fully sold out Ametis Valley Project Phase 3G and 3H comprising of 55 units of double storey terrace house in Bandar Mutiara Township, Sungai Petani, Kedah. The prudent cost measurements and sales promotion undertaken for FY2016 have resulted in positive contribution to the improved PBT.

ii. Taman Simfoni, Langkawi

The joint venture project with Langkawi Cemerlang Resort Sdn Bhd known as Taman Simfoni in Langkawi which comprises of 81 units of double storey terrace house has completed its construction with certificate of completion and compliance obtained in November 2015. Upon completion, our subsidiary, PKB – Operasi Tembaga Sdn Bhd (PKB-OT) has taken delivery of 8 units of double storey terrace house as stipulated in the Joint Venture Agreement. PKB-OT has sold 4 units of the double storey terrace house during the FY2016 and achieved a turnover of RM1.71 million.



PROSPECT

CONSUMABLE PRODUCTS SEGMENT

a. Manufacturing of Consumable Products

i. Trophy

The overall market outlook remained stable despite uncertainties in global economic outlook due to our established relationships with American and European wholesalers. 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 set of 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 weaker economic outlook and consumer sentiment. We will continue to increase our marketing efforts by promoting EMICO brand name through participation in major local exhibitions. In addition, we will concentrate on promoting our B2B website (www.emicotrophy.com) to make our new and exciting products more accessible to our existing and new customers.



ii. Trading of Home Furnishing Products

The prospect for trading of home furnishing products division will be very challenging in view of the exit of retail business by one of its major customers and the volatility of market conditions. We expect a lower contribution of turnover from this division for the next financial year.

With our pool of experienced team in providing hassle free one stop service from product offering to delivery, we are confident that we will overcome this obstacle and acquire new customers.



PROPERTY DEVELOPMENT SEGMENT

The property market is expected to remain moderate. We will focus on developing medium cost property where demand still remains positive especially from the first home buyer. Our emphasis on building good design, high quality and value homes have made Emico the preferred developer.

Currently, we have sold 90% of the Ametis Valley Phase 3J comprising of 44 units of double storey terrace house with an estimated Gross Development Value ("GDV") of RM13 million. This project is expected to be completed in FY2017.

We plan to launch our last phase of Ametis Valley Phase 3K comprising of 42 units of double storey terrace house with an estimated GDV of RM15 million in July 2016. This project is expected to be completed in FY2018.

“The construction for the first block has reached 40% completion and is expected to be completed in FY2018”

The joint venture project with Simfoni Homes Sdn Bhd known as BELIZE at Taman Simfoni in Langkawi comprises of two blocks of eight storey service apartments. Each block consists of ninety eight (98) units of service apartments which will be developed in two stages.

The construction for the first block has reached 40% completion and is expected to be completed in FY2018. The second block is expected to be completed in FY2019. Upon completion, our subsidiary, PKB-Operasi Tembaga Sdn Bhd will take delivery of 10 units of service apartments from each block with a combined value of RM4.5 million 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.

China 2015

Singapore 2015



Malaysia 2016



Hong Kong
2016



CORPORATE SOCIAL RESPONSIBILITY

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:



EMERGENCY FIRE DRILL



DONATIONS TO CHARITABLE ORGANIZATIONS



EMICO ANNUAL DINNER 2016

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

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



PENANG BRIDGE HALF & FULL MARATHON 2015



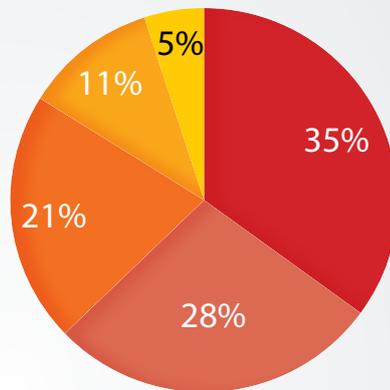
SP HALF MARATHON 2016



FMM PENANG 3RD FUTSAL CARNIVAL 2015

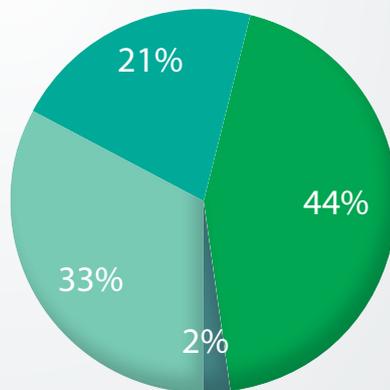
Workplace Diversity

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.



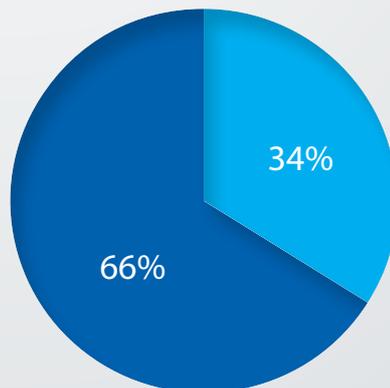
BY AGE GROUP

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



BY ETHNICITY

- Bumiputra
- Chinese
- Indian
- Non-Malaysian



BY GENDER

- Male
- Female

REPORT OF AUDIT COMMITTEE

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 once 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 Independent 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 2016, the Committee held meetings on 25 May 2015, 2 July 2015, 28 August 2015, 23 November 2015 and 26 February 2016 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	5/5
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 Employee's Share Option Scheme (If any).

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2016, the Committee held meetings on on 25 May 2015, 2 July 2015, 28 August 2015, 23 November 2015 and 26 February 2016 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 2016 was RM15,900.

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 2016, 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 2012 ("MCCG") and is committed towards achieving full compliance with its principles and recommendations therein.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Charter

In recognition that robust and well thought-out Corporate Governance practices are essential to safeguard the interests of the Group's stakeholders, the Emico Board has established a Board Charter ("Charter") to promote the best corporate governance culture and to assist the Board in carrying out its role, powers, duties and functions. The Board Charter was last reviewed by the Audit Committee and presented to Emico Board on 17 June 2016 and the details of the Board Charter can be viewed in www.emico.com.my.

Roles and Responsibilities of the Board

The business and affairs of Emico and the Group are managed under the direction and oversight of the Emico Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of Emico and the Group. The Board also sets the Group's core values, adopts proper standards to ensure that Emico operates with integrity, and complies with the relevant rules and regulations.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:

- Reviewing and approving the strategies and business plans for Emico and the Group to ensure that they are aligned with the Group's Vision and Mission;
- Identifying and managing principal risks affecting the Group including establishing and approving the relevant policies;
- Reviewing the adequacy and integrity of the Group's internal control systems;
- Overseeing the conduct and the performance of the Group's businesses;
- Reviewing succession planning and talent management plans for the Group;
- Approving new policies pertaining to boardroom diversity;
- Approving changes to the corporate organisation structure;
- Approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes;
- Approving policies relating to corporate branding, public relations, investor relations and shareholder communication programmes; and
- Reviewing the Group's strategies on promotion of sustainability focusing on environmental, social and governance (ESG) aspects.

Other than as specifically reserved to the Board in the Board's Terms of Reference, the responsibility for managing Emico's business activities are delegated to the Executive Director and Managing Director of Emico, who is accountable to the Board.

Some insight on how the Board had discharged their roles and responsibilities during the year are set out as per below:

- **Succession Planning**
The Board reviewed its size and composition based on the prevailing laws, rules regulations and the internal policies of the Group on the tenure of directorships, not only to ensure continuity in meeting its long term goals and objectives but also to affirm that the knowledge, experience and skill sets of its members would be well suited to meet the demands of the ever changing landscape of the industry.

Roles and Responsibilities of the Board (cont'd)

- **Group Structure Review**
The Board reviewed the Group's organisation structure to determine and address the challenges encountered in meeting the structure's stated objective which includes, accelerating and supporting Group performance, raising efficiency, productivity and operational excellence.
- **Review of Social Channel Strategy**
The Board reviewed the progress of the Group's social channel strategy to assess achievements in the areas of reputational risk and business intelligence, marketing and promotions, customer loyalty and engagement as well as customer service on social channel and social commerce.
- **Corporate Responsibility and Sustainability**
The Board reviewed the progress of the Group's corporate responsibility and sustainability plan to determine the progress, achievements and challenges faced in furthering the Group's CR initiatives which is supported by three key pillars, namely Fulfil Our Responsibility to Community, Operate in a Safe and Sustainable Environment and Deliver Quality Products and Services.

Roles and Responsibilities of the Executive Chairman

The Executive Chairman leads the Board and is also responsible for the effective performance of the Board. The Executive Chairman although holding a non-independent post but he continuously works together with the rest of the Board in setting the policy framework and strategies to align the business activities driven by the senior management with the Group's objectives and aspirations, and monitors its implementation, and also ensures orderly conduct and proceedings of the Board, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of scepticism and independence. He also takes the lead to ensure the appropriateness and effectiveness of the succession planning programme for the Board. Furthermore, the Executive Chairman cultivates a healthy working relationship with the Managing Director and provides the necessary support and advice as appropriate. He continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders. As ever, the Executive Chairman will always try to ensure that the Board's decisions are reached by consensus (and failing this, reflect the will of the majority), and will abstain himself in an deliberation or discussion on matters or issues involving any related parties and any concern or dissenting view expressed by any Directors on any matters deliberated at meetings of the Board, or any of its Committees, as well as the meetings' decisions, will accordingly be addressed and duly recorded in the relevant minutes of the meeting.

Role and Responsibilities of Managing Director

Mr Jimmy Ong Chin Keng has been the Managing Director and Executive Director of Emico since 23 February 2009. Mr Ong has been delegated certain responsibilities by the Board in his capacity as Managing Director and is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group. Furthermore, he is responsible for mapping the medium to longer term plans for Board approval, and is accountable for implementing the policies and decisions of the Board, as well as coordinating the development and implementation of business and corporate strategies, specifically by making sure that they are carried through to their desired outcomes, especially in the institution of remedial measures to address identified shortcomings. He is also responsible for developing and translating the strategies into a set of manageable goals and priorities, and setting the overall strategic policy and direction of the business operations, investment and other activities based on effective risk management controls. The Managing Director ensures that the financial management practice is performed at the highest level of integrity and transparency for the benefit of the shareholders and that the business and affairs of Emico are carried out in an ethical manner and in full compliance with the relevant laws and regulations. The Managing Director is also tasked with ensuring that whilst the ultimate objective is maximising total shareholders return, social and environmental factors are not neglected, and also developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts as well as employees, and providing effective leadership to the Group organisation. He is also responsible for ensuring high management competency as well as the emplacement of an effective management succession plan to sustain continuity of operations. The Managing Director, by virtue of his position as a Board member, also functions as the intermediary between the Board and senior management.

Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when urgent issues and/or important decisions are required to be addressed between the scheduled meetings. During the financial year ended 31 March 2016, the Board met 5 times to deliberate and consider a variety of significant matters that required its guidance and approval. All the Directors have exceeded the 50% meeting attendance requirement as prescribed by the Listing Requirements. Details of attendance of each Director on the Board and respective Board Committees of Emico during the financial year ended 31 March 2016 are highlighted in the table below.

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	5/5
Wong Thai Sun	Independent Non-Executive Director	5/5

Directors' Remuneration

The Board believes that one area that the Board needs to focus on in order to remain effective in the discharge of its duties and responsibilities is the setting of a fair and comprehensive remuneration package commensurate with the expertise, skills, responsibilities and the risks of being a director of a listed Issuer. In line with good corporate governance, the Board has set out its intention to periodically review the Independent Directors (IDs) remuneration for Emico and its group of companies at least once every three years. A summary of the total remuneration of the Directors, as distinguished between Executive and Independent Non-Executive Directors, in aggregate with categorisation into appropriate components for the financial year ended 31 March 2016 is as follows:

Categories	Fee (RM'000)	Salaries and other emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	108	1,380	93	1,581
Non-Executive Directors	60	10	-	70
Total	168	1,390	93	1,651

The Directors' Remuneration are categorised into the following bands:

Range of Remuneration (RM)	Executive	Non-Executive
25,000 & below	-	3
400,000 – 450,000	1	-
450,001 – 500,000	1	-
500,001 – 550,000	-	-
550,001 – 600,000	-	-
600,001 – 650,000	1	-

Quality and Supply of Information to the Board

The Board has full and unrestricted access to all information pertaining to Emico's businesses and affairs as well as to the advice and services of the senior management of the Group. In addition to formal Board meetings, the Executive Chairman maintains regular contact with the Managing Director to discuss specific matters, and the latter assisted by the Company Secretary ensures that frequent and timely communication between the senior management and the Board is maintained at all times as appropriate. The Board is regularly kept up to date on and apprised of any regulations and guidelines, as well as any amendments thereto issued by Bursa Malaysia, Securities Commission, the Companies Commission of Malaysia and other relevant regulatory authorities including recommendations on corporate law reform in respect of Malaysian as well as relevant foreign jurisdictions. An agenda together with appropriate papers for each agenda item to be discussed is forwarded to each Director at least five clear days before the scheduled meeting to enable the Directors to review the papers in preparation for the meeting, and to obtain further clarification or explanation, where necessary, in order to be adequately apprised before the meeting. Additionally, Emico's minutes of meetings of the Board and various Board Committees incorporate the discussions of the members at the meetings in arriving at decisions, to ensure a concise and accurate minutes. The draft minutes of the meeting are circulated within one week of the meetings to the Board for early feedback and suggestions prior to tabling at the subsequent meetings for formal confirmation. Senior management members are invited to attend Board meetings to report on matters relating to their areas of responsibility, and also to brief and present details to the Directors on recommendations submitted for the Board's consideration. Additional information or clarification may be required to be furnished, particularly in respect of complex and technical issues tabled to the Board.

Company Secretary

Company Secretary is responsible for advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. He is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving Emico, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. Based on feedback received from Board members, the Board was generally satisfied with the support provided for the year under review and a number of areas have been identified for further improvement.

Whistleblowing Policy

Emico Group advocates openness and transparency in its commitment to the highest standard of integrity and accountability. The Integrity Hotline which had been implemented since beginning of this year, provides an avenue for all the employees to report, in good faith, belief, without malicious intent, on any suspected misconduct or actual wrongdoing including but not limited to unethical incidences such as criminal activities or contravention of laws/regulations committed by another employee or any person who has dealings with the Group via the following channels:

- **Protected Email Address at integrity@emico.com.my**

The above email will be directly channelled to the Chairman of Audit Committee.

Confidentiality of all matters raised and the identity of the whistleblower, are protected under the Policy. Emico Group has an Anti-Fraud Policy, which provides broad principles, strategies, and policies for the Group in relation to fraud in order to promote high standards of integrity. The policy establishes robust and comprehensive programmes and controls for the Group and highlights the roles and responsibilities at every level for preventing and responding to fraud.

Emico Group's Code of Ethics and Conduct

In addition to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Group also has a Code of Ethics and Conduct that sets out sound principles and standards of good practice in the industry, which are observed by the Directors and the employees. Both Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with stakeholders, customers, fellow employees and regulators. This is in line with the Group's Core Values which emphasise behavioural ethics when dealing with third parties and fellow employees. The Group-wide programmes conducted during the year to embed the right ethical values and compliance with Emico's Code of Ethics amongst all Emico's employees were as follows:

1. Annual Emico's Code of Ethics Declaration; and
2. Training through orientation for new employees.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

Board Size, Composition and Balance

There are currently 6 Directors on the Emico Board. Three are Independent Directors and three are Executive Directors (which consist of one Executive Director, one Managing Director and one Executive Chairman). The present composition of the Board complied with the requirement as stipulated in the Listing Requirements as half of its members are Independent Directors. In considering the size of its membership, the Board is of the view that it should not be constrained to maintain a fixed number of Directors on the Board at any given time, but instead would consider the same in terms of the Board's overall effectiveness, including whether the present size is one that is manageable and would not inhibit or impair the ability of directors to contribute their thoughts and ideas meaningfully. As part of its succession plan, the Board will continue to scout for new members to further address, among others, the need to have more women on the Board, in furtherance of the national agenda. The Directors provide a wealth of knowledge, experience and skills in key areas such as accountancy, international business operations and development, finance and risk management. A brief profile of each member of the Board is presented on pages 06 to 09 of this Annual Report.

Diversity and Inclusiveness

The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations and the Group embraces the proposition that having a diverse Board would have a positive, value-relevant impact on the Group. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

BOARD COMMITTEES

Delegation of certain of its governance responsibilities has been undertaken by the Board in favour of its Board Committees, which operate within clearly defined terms of references, primarily to assist the Board in the execution of its duties and responsibilities. Although the Board has granted such discretionary authority to these Board Committees to deliberate and decide on certain key and operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board. The Chairmen of the Board Committees will table and present a report on the activities of the respective Board Committees at the quarterly Board meetings.

The Board Committees of the Emico Board are as follows:

1. Audit Committee
2. Remuneration Committee
3. Nomination Committee
4. Risk Management Committee

1. Audit Committee (AC)

The Board authorises the AC to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The activities carried out by the AC, which met 5 times during the year under review, are summarised in the Audit Committee Report and its Terms of Reference as stated on page 21 of this Annual Report. Members of the Audit Committee are as indicated on page 02 of this Annual Report.

2. Remuneration Committee (RC)

The terms of reference for RC are as follows:

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.

2. Remuneration Committee (RC) (cont'd)

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

The duties and responsibilities of RC consist of the following:

- 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.

3. Nomination 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

The Term of Reference for NC are as follows:

Appointment/Composition

- The NC shall be appointed by the Board of Directors.
- The NC shall consist 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.

The duties and responsibilities of NC includes:

1. To oversee the selection of Directors and general composition of the Emico Board (size, skill and balance between Executive Directors and Non-Executive Directors);
2. To evaluate the quality of directors in order to ensure alignment with the Group's strategic direction;
3. To recommend to the Emico Board a policy regarding the period of service for the Executive and Non-Executive Directors;
4. To assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of the Group, as well as the procedure for the assessment;
5. To recommend measures to upgrade the effectiveness of the Boards and Board Committees;
6. To recommend to the Emico Board a performance management framework/ model, including the setting of the appropriate performance target parameters and benchmark for the Group at the start of each financial year;
7. To oversee the succession planning of the members of the Board of Directors and key management;
8. To consider and recommend solutions to issues of conflict of interest affecting Directors;
9. To assess annually that Directors, key responsible persons and Company Secretary are not disqualified under Companies Act 1965; and
10. To review the training requirements and programmes for the Directors.

3. Nomination Committee (NC) (cont'd)

The main activities of the NC is summarised as follows:

1. The assessment on the performance of the Board as a whole as per the Annual Board Assessment, which covered performance of Board, Board Committees and Directors Self Assessment to ensure the Board's effectiveness;
2. The assessment on the performance of Directors, particularly those who would retire at the forthcoming Annual General Meeting and the recommendation to the Board for their re-election;
3. The recommendation to the Board on the appropriate balance and size of the Board and the required directors' skills and experience to ensure the effectiveness of the Board;
4. The recommendation to the Board on the suitable training programmes to attend which are relevant to the industry in which Emico operates;
5. The recommendation to the Board on the revision of composition of Boards and Board Committees of Emico Group;
6. The assessment on the fitness and propriety of Directors with regard to their appointments on the Board of Emico;
7. The assessment and recommendation to the Board on the review of the remuneration for Independent Non-executive Directors of Emico;
8. The assessment and recommendation to the Board on the performance of Executive Directors as well as a review of their remuneration; and
9. The review of the succession planning and talent management of Senior Executives of Emico.

The NC held one meeting during the financial year on 26 February 2016.

Risk Management Committee (RMC)

The roles and responsibilities of the RMC include the following:

1. To review and approve risk management strategies, risk frameworks, risk policies, risk tolerance and risk appetite limits;
2. To review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively;
3. To ensure infrastructure, resources and systems are in place for risk management, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the risk taking activities; and
4. To review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The specific duties of the RMC in managing risks cover the following:

1. To review the impact of risk on capital adequacy and profitability and asset quality under stress scenarios;
2. To review and recommend strategic actions to be taken by Emico arising from regulatory rules impacting risk management practices for Board's approval;
3. To review, recommend and approve corrective measures to address risk concerns as highlighted by various regulatory authorities, where relevant;
4. To provide oversight of specific risk management concerns in the Business Sectors of the Group;
5. To delegate appropriate operational issues to Management for their further actions;
6. To carry out such other responsibilities as may be delegated to it by the Board from time to time; and
7. To review and approve Terms of References (TORs) of Executive Risk Management Committee.

During the financial year ended 31 March 2016, two meetings were held. The activities carried out by the Risk Management Committee, are summarised in the Statement on Risk Management and Internal Control and the Risk Management Framework as stated on page 38 of this Annual Report. Members of the Risk Management Committee are as indicated on page 02 of this Annual Report.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

Independent Directors

The current Board composition, which comprises an equal proportion of Independent Directors, helps the Board to ensure and provide strong and effective oversight over management. Independent Directors do not participate in the day-to-day management of Emico and do not engage in any business dealing or other relationships with in order to ensure that they remain truly capable of exercising independent judgment and act in the best interests of the Group and its shareholders. Further, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. The Board's commitment to ensure good governance in its deliberation on key issues is evident with the scheduling of a "Private Session with Auditors" (involving only Independent Directors) as a permanent item at least once in the Board meeting agenda.

The Board ensures that all Independent Directors possess the following qualities:

- Ability to challenge the assumptions, beliefs or viewpoints of others with intelligent questioning, constructive and rigorous debating, and dispassionate decision-making in the interest of Emico;
- Willingness to stand up and defend their own views, beliefs and opinions for the ultimate good of Emico; and
- A good understanding of Emico's business activities in order to appropriately provide responses to the various strategic and technical issues confronted by the Board.

Directors' Independence Policy

Consistent with the Group's Directors' Independence Policy and recommendations of the Code, the Board via the NC assesses the independence of Independent Non-Executive Directors upon his appointment, re-appointment and in any event, annually. In line with the Code, the tenure of service for Independent Non-Executive Directors has been capped at the maximum period of nine years whereby upon completion of such tenure, the Independent Non-Executive Director may continue to serve on the Board. Having said this, the Board recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time alone. The Board also considers that continued tenure could bring considerable stability to the Board and acknowledges the fact that it has benefited greatly from the presence of Board members who have over time gained valuable insight into the Group and its markets. Hence, the Board may in certain circumstances and subject to the NC's assessment, decide to maintain a member as an Independent Non-Executive Director beyond the requisite 9-year period, if the Board is satisfied (upon the review by the NC) that the said Director can remain independent in character and judgement, and would continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management and the Board. Under such circumstances, the Board may allow the shareholders to decide whether the said Director should continue to be designated as an Independent Non-Executive Director (notwithstanding the fact his tenure has exceeded the 9-year period), with strong justifications provided by the Board to support the proposal. Currently two of the Board's independent non-executive members has reached the 9-year term in Emico. Independence Assessment by The NC undertakes the independence assessment via the Board and Director Self Assessment taking into account the directors' skills, experience, contributions, background, economic and, tenure of directorship and the Independent Non-Executive Directors' self-declaration on their compliance with the independence as stated in the Listing Requirements. The NC determines the ability of the Independent Non-Executive Director to continue bringing independent and objective judgment to the board deliberations as well as considers if there is any ground or reason that has come to the attention of the NC that may affect the independence status of the Independent Non-Executive Directors of Emico. The Board considers that the three Independent Non-Executive Directors (INEDs), namely Wong Sew Yun, Ng Chee Kong and Wong Thai Sun have met the said independence criteria under the Listing Requirements as well as Emico's Policy on Directors' Independence.

PRINCIPLE 3 – REINFORCE INDEPENDENCE (cont'd)

Board Appointment Process

A formal and transparent procedure is in place vis-à-vis the appointment of new Directors to the Board, the primary responsibility of which has been delegated to the Nomination Committee (NC). Such responsibilities include screening, conducting initial selection of internal and external candidates, performing requisite evaluation and assessment on the candidates' ability to discharge their duties effectively and efficiently, prior to making recommendations to the Board for its approval. The NC also ensures candidates possess the appropriate skills, core competencies, experience, integrity and time to effectively discharge his or her role as a director. In accordance with this procedure, the NC recommends to the Board suitable candidates for directorships. In relation to the candidate's skills, expertise and background, the candidate should ideally and to the extent available, possess a diverse range of skills, including in particular, business, legal and financial expertise, professional knowledge and industry experience, as well as experience in regional and international markets. The following aspects would be considered by the Board in making the selection, with the assistance of the NC:

1. Probity, personal integrity and reputation - the person must have key qualities such as honesty, integrity, diligence, independence of mind and fairness.
2. Competence and capability - the person must have the necessary skills, ability and commitment to carry out the role.
3. Financial integrity - the person must manage his debts or financial affairs prudently.

The appointment process for Executive Directors is similarly robust, in order to ensure that the best person is selected for the top executive position in the interest of the Group. The process includes the identification of potential candidates (both internal as well as external) by a special committee of the Board, governed by the expectation of the roles and capabilities described and required by the Board. This process includes interviews, which are subsequently followed by a submission to the NC for deliberation and thereafter the final recommendation to the Board for endorsement. With the assistance of the NC, the curriculum vitae of prospective candidates would from time to time, be discreetly obtained from various internal and external sources for further review, to ensure that the Board would always have a steady pool of talent to choose from whenever there is a need to appoint additional members on the Board or otherwise, to replace a member who is retiring or resigning from the Board.

Directors' Retirement, Re-Election and Re-Appointment

All directors of Emico, including the Managing Director as an Executive Director, are subject to re-election by the shareholders at the first opportunity after their appointment, and are subject to retirement by rotation at least once every three years in accordance with the Listing Requirements and Emico's Articles of Association. The Board's support for a Director's re-election is not automatic and is subject to satisfactory assessment of performance. As evaluated by the NC and approved by the Board, all of these directors have met the Board's expectations and continued to perform in an exemplary manner as demonstrated by among others, their contribution to the Board's deliberations and the Board would accordingly recommend to the shareholders, their respective re-elections.

Board and Individual Director's Effectiveness

The NC follows a formal and transparent process to assess the effectiveness of individual Directors, the Board as a whole and its committees, as well as the performance of the Managing Director in respect of their respective skills and experience, pursuant to the Board and Director Self Assessment exercise. This is undertaken upon the completion of every financial year.

The Board and Director Self Assessment exercise is primarily based on answers to a list of questionnaire. The assessment questionnaire is distributed to all the respective Board members and covers topics which include, amongst others, the integrity and responsibilities of the Board in relation to development of Group Business and protecting shareholders' interest and value. Other areas being assessed include the contribution of each and every member of the Board and Board Committee at meetings, the Board's decision-making and output, information and support rendered to the Board. All feedback received will initially be received and compiled and thereafter submitted to the Board for its review and final endorsement.

PRINCIPLE 3 – REINFORCE INDEPENDENCE (cont'd)

Independent Professional Advice

Independent professional advice can be obtained by any Individual Directors, at Emico's expense where necessary, in the furtherance of their duties in accordance with Emico's Policy and Procedure. Copies of any reports, advice and recommendations provided by the independent professional adviser to the relevant Director would be forwarded by the said Director to the Company Secretary, who will, where appropriate, circulate them to other Directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's interest, growth and performance.

PRINCIPLE 4 – FOSTER COMMITMENT

Directors' Training

The Board acknowledges the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to perform their functions and meet the challenges of the Board. During the year, all the Board members have attended various training programmes and workshops on issues relevant to the Group, including key training programme for Directors. The Board continues to assess the training needs of its Directors vide the Board Assessment and identify key areas of focus for training programmes. Training programmes, conferences and forums attended by the Directors for the financial year ended 31 March 2016 were as follows:

Director's Name	Training Programme
Lim Teik Hian	Bursa Session with Chairman & Audit Committee Chairman on Corporate Governance Disclosure In-house training on "Corporate Governance Disclosure Principles 1 to 6".
Jimmy Ong Chin Keng	Bursa Advocacy Sessions "Corporate Governance Statement Reporting Workshop".
Lim Teck Chye	In-house training on "Corporate Governance Disclosure Principles 1 to 6".
Wong Thai Sun	Bursa Session with Chairman & Audit Committee Chairman on Corporate Governance Disclosure Attended "Malaysian Taxation for Entrepreneurs & Employers".
Ng Chee Kong	In-house training on "Corporate Governance Disclosure Principles 1 to 6".
Wong Sew Yun	In-house training on "Corporate Governance Disclosure Principles 1 to 6".

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

BOARD PROFESSIONALISM

Directorships in Other Companies

In compliance with the Listing Requirements, each member of the Emico Board holds not more than five directorships in public listed companies to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. Whilst the Board values the experience and perspective gained by the Independent Non-Executive Directors from their memberships on the boards of other companies, organisations, and associations, the Board Manual provides that the Independent Non-Executive Directors must first consult the Chairman to ensure that their acceptance of such other appointments, such as directorships of other listed companies, would not unduly affect their time commitments and responsibilities to the Emico Board and Group. Conflict of Interest Members of the Board are required to make a declaration at the Board meeting in the event that they have interests in proposals being considered by the Board, including where such interest arises through close family members, in line with various statutory requirements on the disclosure of Director's interest. In all situations where the Directors could be deemed as interested, they would excuse themselves from the discussion and leave the meeting room. The minutes of meeting would also reflect as such.

Insider Trading

Directors, key management personnel and principal officers of the Emico Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge, which has not become public information, in accordance with the Listing Requirements and the relevant provisions of the Capital Markets & Services (Amendment) Act 2015. Notices on the closed period for trading in Emico's securities are circulated to Directors, key management personnel and principal officers who are deemed to be privy to any price sensitive information and knowledge, in advance of whenever the closed period is applicable. Any dealings in securities by the Directors and principal officers would be publicly disclosed, in accordance with the relevant provisions of the Listing Requirements.

ACCOUNTABILITY AND AUDIT

Financial Reporting and Disclosure Financial Reporting

The Board has a fiduciary responsibility to present to the shareholders and the public at large, a clear, balanced and meaningful evaluation of the Group and Emico's financial position, financial performance and prospects. The Board is assisted by the Audit Committee in overseeing the financial reporting process and the quality of the Group and Emico's financial statements.

Disclosure on Financial Highlights, Indicators & Reports

The Group and Emico's financial highlights and indicators for the financial year ended 31 March 2016 are set out on pages 49 to 116 of this annual report. The Group's financial statements are included on pages 49 to 116 of the Annual Report (Financial Statements) and the financial results for the financial year ended 31 March 2016 were announced to the public on 27 May 2016, less than 60 days after the financial year end.

Directors' Responsibility Statement

The Board also ensures that the Group and Emico's financial statements prepared for each financial year 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 Statement of Directors' Responsibility in respect of the preparation of audited financial statements for the Group and Emico is set out on page 37 of the Financial Statements book of the Annual Report 2016.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

Relationship with the Auditors

Internal Auditors

Group Internal Audit reports functionally to the AC and has unrestricted access to the AC. Its function is independent of the activities or operations of other operating units. The Group Internal Audit regularly evaluates the effectiveness of the risk management process, reviews the operating effectiveness of the internal controls system and compliance control in the Group. The Group Chief Internal Audit Executive is invited to attend the AC meetings to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are then tabled to the Board for information and serve as useful references, especially if there are pertinent issues that any Directors wish to highlight or seek clarification on.

External Auditors

The AC and the Board place great emphasis on the objectivity and independence of the Emico's Auditors, namely Messrs. BDO, in providing relevant and transparent reports to the shareholders. To ensure full disclosure of matters, Emico's Auditors are regularly invited to attend the AC meetings (as well as the Annual General Meetings). During the financial year 2016, Emico's Auditors had met once with the AC without the presence of the senior management. The Emico's Auditors has also provided their written assurance to the Group in respect of their independence during FY 2016. A full report of the Audit Committee outlining its role in relation to the internal and external auditors is set out in the Audit Committee Report on pages 21 to 23 of this Annual Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

Internal Controls

The Board has overall responsibility for establishing and maintaining a sound risk management and internal control system to ensure that shareholders' investments, customers' interests and the Group's assets are safeguarded. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively. The Audit Committee of the Board ("ACB") regularly evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports prepared by Group Audit during its scheduled meetings. The ACB also reviews Audit's recommendations and management responses to these recommendations to ensure the lapses/deficiencies identified are being dealt with adequately and promptly.

The Statement on Risk Management and Internal Control is furnished on pages 38 to 39 of this Annual Report and this provides an overview of the state of internal controls within the Group.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURES

INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

Emico's corporate governance framework that ensures that shareholders, stakeholders, investors and the domestic and international investment community receive relevant, timely and comprehensive information about the Group in line Bursa Malaysia's Corporate Disclosure Guide 2012 that encourages prompt and timely dissemination of information to shareholders and investors, and recommends the adoption of a policy on corporate disclosures.

Quarterly Results

Emico's quarterly financial results are released immediately after the quarterly Board of Director's meeting. Financial statements are made public on the corporate website to provide the investment community with a better understanding of Emico's performance.

Group Corporate Website

Emico's Group Corporate Website (www.emico.com.my) provides comprehensive and easy access to the latest information about the Group. Information available on the corporate website includes Emico's corporate profile, individual profiles of directors, financial results, annual reports, corporate news and Emico's global operations and subsidiaries. Additionally, information on the Group Governance Structure and framework is also published in the Group Corporate Website. In addition, stakeholders can obtain regulatory announcements made by Emico to Bursa Malaysia on the latter's website (www.bursamalaysia.com).

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURES (cont'd)

Annual Report

Emico's Annual Report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. The Annual Reports are also printed in summary form together with a digital version of the Annual Report in CD-ROM format. An online version of the Annual Report is also available on Emico's corporate website.

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 made in accordance with a resolution of the Board dated 17 June 2016.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

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 2016 set out on pages 49 to 116, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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”).

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.

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

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.

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.

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.

This Statement was approved by the Board on 17 June 2016.

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 2016.

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 2016, there were no options, or convertibles securities exercised by the Company.

4. Depository Receipts Programme

During the financial year ended 31 March 2016, 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 2016 was RM3,700.

7. Variation in Results

There was no profit forecast issued by the Company or its subsidiaries during the financial year ended 31 March 2016.

8. Profit Guarantee

There was no profit guarantee given during the financial year ended 31 March 2016.

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 2016 other than those disclosed in the financial statements.



FINANCIAL
STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

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	4,046,023	1,101,717
Profit attributable to:		
Owners of the parent	3,665,163	1,101,717
Non-controlling interests	380,860	0
	<hr/> 4,046,023	<hr/> 1,101,717

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' REPORT (CONT'D)

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 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	[-----Number of ordinary shares of RM1 each-----]			
	Balance as at 1-4-2015	Bought	Sold	Balance as at 31-3-2016
Shares in the Company				
<u>Direct interests:</u>				
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
<u>Indirect interests:</u>				
Lim Teik Hian	26,834,959	0	(4,000)	26,830,959
Lim Teck Chye	24,450,829	0	(4,000)	24,446,829

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 the end of the financial year were as follows:

	[-----Number of ordinary shares of RM1 each-----]			
	Balance as at 1-4-2015	Bought	Sold	Balance as at 31-3-2016
Subsidiary				
- NEB Development Berhad				
<u>Direct interests:</u>				
Lim Teck Chye	1,000,000	0	0	1,000,000
Subsidiary				
- Mercu Tanah Langkawi Sdn. Bhd.				
<u>Direct interests:</u>				
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 there are no known bad debts 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 RM281,545 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 RM2,000,000 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 necessitate the written off for bad debts or render 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(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
17 June 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 49 to 116 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 2016 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 116 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

17 June 2016

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 49 to 116 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 17 June 2016

Jimmy Ong Chin Keng

Before me,

Commissioner for Oaths
Mok Cheng Yoon, PJK
Pesuruhjaya Sumpah Malaysia
27, Jalan Zainal Abidin
10400 Pulau Pinang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EMICO HOLDINGS BERHAD

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 2016 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 49 to 116.

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 2016 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.



INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF EMICO HOLDINGS BERHAD

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

Koay Theam Hock

2141/04/17(J)
Chartered Accountant

Penang
17 June 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	23,628,137	23,386,837	0	0
Investment property	8	184,167	190,667	0	0
Goodwill on consolidation	9	551,552	551,552	0	0
Investments in subsidiaries	10	0	0	27,996,308	28,277,853
Deferred tax assets	12	327,000	446,000	0	0
		24,690,856	24,575,056	27,996,308	28,277,853
Current assets					
Inventories	13	40,245,453	40,148,009	0	0
Trade and other receivables	14	17,931,041	16,683,960	8,184,194	8,200,156
Current tax assets		101,715	97,018	0	0
Cash and bank balances	15	8,597,476	4,012,585	93,155	159,290
		66,875,685	60,941,572	8,277,349	8,359,446
TOTAL ASSETS		91,566,541	85,516,628	36,273,657	36,637,299
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	19,558,174	18,569,979	7,736,782	7,736,782
Accumulated losses		(74,537,650)	(78,202,813)	(81,275,574)	(82,377,291)
		40,947,045	36,293,687	22,387,729	21,286,012
Non-controlling interests		8,294,206	7,913,346	0	0
TOTAL EQUITY		49,241,251	44,207,033	22,387,729	21,286,012
LIABILITIES					
Non-current liabilities					
Borrowings	18	3,652,685	3,790,040	0	0
Deferred tax liabilities	12	4,932,005	4,550,844	0	0
		8,584,690	8,340,884	0	0
Current liabilities					
Trade and other payables	24	19,042,346	20,412,365	13,759,828	15,225,187
Borrowings	18	7,926,657	5,414,321	0	0
Deferred revenue	25	5,827,904	6,371,999	0	0
Current tax liabilities		943,693	770,026	126,100	126,100
		33,740,600	32,968,711	13,885,928	15,351,287
TOTAL LIABILITIES		42,325,290	41,309,595	13,885,928	15,351,287
TOTAL EQUITY AND LIABILITIES		91,566,541	85,516,628	36,273,657	36,637,299

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 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	27	80,018,107	75,435,105	240,000	240,000
Other income	28	1,909,569	1,502,448	2,000,175	2,702,983
Property development expenditure recognised		(13,430,754)	(10,793,462)	0	0
Changes in inventories of finished goods and work-in-progress		923,754	335,416	0	0
Purchase of finished goods		(20,658,754)	(22,247,482)	0	0
Raw materials and consumables used		(23,913,025)	(21,798,687)	0	0
Employee benefits expense	29	(9,922,967)	(9,034,598)	(707,541)	(613,256)
Depreciation and amortisation of property, plant and equipment		(2,037,577)	(2,060,208)	0	0
Finance costs	30	(512,889)	(562,043)	(8)	(11)
Other expenses		(6,504,927)	(8,158,716)	(430,909)	(1,328,699)
Profit before tax	31	5,870,537	2,617,773	1,101,717	1,001,017
Tax expense	32	(1,824,514)	(825,533)	0	0
Profit for the financial year		4,046,023	1,792,240	1,101,717	1,001,017
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		(14,268)	24,695	0	0
Items that will not be reclassified subsequently to profit or loss					
Gross revaluation increase of properties		1,319,031	3,060,905	0	0
Deferred tax relating to revalued properties		(316,568)	(765,226)	0	0
		1,002,463	2,295,679	0	0
Total comprehensive income, net of tax		988,195	2,320,374	0	0
Total comprehensive income		5,034,218	4,112,614	1,101,717	1,001,017
Profit attributable to:					
Owners of the parent		3,665,163	1,795,100	1,101,717	1,001,017
Non-controlling interests		380,860	(2,860)	0	0
		4,046,023	1,792,240	1,101,717	1,001,017
Total comprehensive income attributable to:					
Owners of the parent		4,653,358	4,115,474	1,101,717	1,001,017
Non-controlling interests		380,860	(2,860)	0	0
		5,034,218	4,112,614	1,101,717	1,001,017
Earnings per ordinary share attributable to equity holders of the Company (Sen):					
Basic	33(a)	3.82	1.87		
Diluted	33(b)	3.82	1.87		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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 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
Balance as at 1 April 2015	95,926,521	7,736,782	10,808,502	24,695	(78,202,813)	36,293,687	7,913,346	44,207,033
Profit for the financial year	0	0	0	0	3,665,163	3,665,163	380,860	4,046,023
Revaluation reserve on leasehold land and buildings	0	0	1,002,463	0	0	1,002,463	0	1,002,463
Foreign currency translations	0	0	0	(14,268)	0	(14,268)	0	(14,268)
Total comprehensive income	0	0	1,002,463	(14,268)	3,665,163	4,653,358	380,860	5,034,218
Balance as at 31 March 2016	95,926,521	7,736,782	11,810,965	10,427	(74,537,650)	40,947,045	8,294,206	49,241,251

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Company	Share capital RM	Share premium RM	Accumulated losses RM	Total equity RM
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
Balance as at 1 April 2015	95,926,521	7,736,782	(82,377,291)	21,286,012
Profit for the financial year	0	0	1,101,717	1,101,717
Other comprehensive income, net of tax	0	0	0	0
Total comprehensive income	0	0	1,101,717	1,101,717
Balance as at 31 March 2016	95,926,521	7,736,782	(81,275,574)	22,387,729

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		5,870,537	2,617,773	1,101,717	1,001,017
Adjustments for:					
Amortisation of Investment property	8	6,500	6,500	0	0
Bad debts written off		0	60,423	0	0
Depreciation of property, plant and equipment	7	2,031,077	2,053,708	0	0
(Gain)/Loss on disposal of property, plant and equipment		(54,017)	367	0	0
Impairment losses on:					
- trade receivables	14(g)	26,145	121,673	0	0
- other receivables	14(g)	0	50,100	0	0
- investment in a subsidiary	10(a)	0	0	281,545	1,160,395
Property, plant and equipment written off	7	5	18,048	0	0
Reversal of impairment loss on trade and other receivables	14(g)	(4,222)	(100)	(2,000,000)	(2,702,983)
Waiver of debts by trade and other payables		0	(573,858)	0	0
Unrealised loss on foreign exchange		85,771	0	0	0
Interest expense	30	512,889	562,043	8	11
Interest income	28	(151,209)	(66,784)	(175)	0
Operating profit/(loss) before changes in working capital		<u>8,323,476</u>	<u>4,849,893</u>	<u>(616,905)</u>	<u>(541,560)</u>
Changes in working capital:					
Inventories		(97,444)	(1,921,054)	0	0
Trade and other receivables		(1,269,004)	(3,923,231)	2,015,962	1,127,676
Deferred revenue		(544,095)	1,530,677	0	0
Trade and other payables		(1,370,019)	2,783,840	(1,465,359)	(553,412)
Cash generated from/(used in) operations		<u>5,042,914</u>	<u>3,320,125</u>	<u>(66,302)</u>	<u>32,704</u>
Interest received		151,209	66,784	175	0
Tax paid		(1,488,603)	(296,880)	0	0
Tax refunded		16,652	43,965	0	0
Net cash from/(used in) operating activities		<u>3,722,172</u>	<u>3,133,994</u>	<u>(66,127)</u>	<u>32,704</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		99,518	1,086,564	0	0
Purchase of property, plant and equipment	7(b)	(697,951)	(2,276,044)	0	0
Net cash used in investing activities		<u>(598,433)</u>	<u>(1,189,480)</u>	<u>0</u>	<u>0</u>

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

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Changes in deposits pledged to licensed banks		422,417	(36,074)	0	0
Drawdowns of bank borrowings		10,992,812	9,713,508	0	0
Interest paid	30	(512,889)	(562,043)	(8)	(11)
Repayments of:					
- bank borrowings		(10,043,181)	(9,722,629)	0	0
- hire purchase payables		(331,894)	(358,769)	0	0
Net cash from/(used in) financing activities		527,265	(966,007)	(8)	(11)
Net increase/(decrease) in cash and cash equivalents		3,651,004	978,507	(66,135)	32,693
Effects of exchange rate changes on cash and cash equivalents		(107,940)	24,695	0	0
Cash and cash equivalents at beginning of financial year		2,956,116	1,952,914	159,290	126,597
Cash and cash equivalents at end of financial year	15(e)	6,499,180	2,956,116	93,155	159,290

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

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 2016 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 17 June 2016.

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 49 to 116 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 116 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 and IFRSs 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 a 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 assets 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 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 or valuation 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 investment 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 Company's 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 could be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(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.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(c) Equity (cont'd)

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.

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 Companies Act, 1965 in Malaysia.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

(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.

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 cost is 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 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 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 to the year when the asset is realised or the liability is settled, based on the announcement tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each 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 measured on an undiscounted basis and are expensed 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies (cont'd)

(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.

(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 has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Revenue recognition (cont'd)

(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.

(c) Management services

Management services is recognised on an accrual basis.

(d) Interest income

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

(e) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**4.20 Operating segments (cont'd)**

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.

4.21 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.22 Fair value measurements (cont'd)

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 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2013 Cycle</i>	1 July 2014

There is no material effect upon the adoption of the above Amendments during the year.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

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

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

6.2 Critical judgements made in applying accounting policies (cont'd)

(c) 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.

(d) 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.

(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.



6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.3 Key sources of estimation uncertainty (cont'd)

(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. 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.

(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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.3 Key sources of estimation uncertainty (cont'd)

(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 several professional valuers to perform valuations with sufficient regularity on its freehold buildings, leasehold land and buildings as disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

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

Company	[-----At 31.3.2016-----]		
	Cost	Accumulated	Carrying
	RM	depreciation	amount
Office equipment, furniture and fittings	10,450	10,450	0

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

- (a) The freehold buildings, long term leasehold land and buildings of subsidiaries were revalued on 31 March 2016 by the Directors based on a valuation exercises carried out in March 2016 by an independent professional valuers using the open market value basis.

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

	Group	
	2016	2015
	RM	RM
Freehold buildings	773,175	0
Long term leasehold buildings	8,328,125	8,598,958
Long term leasehold land	4,047,599	4,181,390
	<u>13,148,899</u>	<u>12,780,348</u>

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

	Group	
	2016	2015
	RM	RM
Purchase of property, plant, and equipment	990,951	2,343,044
Financial by hire purchase arrangement	(293,000)	(67,000)
Cash payments on purchase of property, plant and equipment	<u>697,951</u>	<u>2,276,044</u>

- (c) As at 31 March 2016, the carrying amounts of the property, plant and equipment of the Group under hire purchase are as follows:

	Group	
	2016	2015
	RM	RM
Motor vehicles	864,279	959,834
Office equipment	189,968	238,694
	<u>1,054,247</u>	<u>1,198,528</u>

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

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

- (d) As at 31 March 2016, the unexpired lease periods of the long term leasehold land is 31 years (2015: 32 years). The long term leasehold land is charged as security for the banking facilities as disclosed in Note 19, 20 and 23 to the financial statements.
- (e) As at 31 March 2016, certain property, plant and equipment of the Group with carrying amounts of RM19,090,000 (2015: RM17,500,000) are charged to local banks as securities for banking facilities as disclosed in Note 19, 20 and 23 to the financial statements.
- (f) As at 31 March 2016, certain motor vehicles of the Group with carrying amount of RM62,552 (2015: RM112,592) 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 freehold buildings, long term leasehold land and buildings (at valuation) of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2016				
Freehold buildings	0	1,090,000	0	1,090,000
Long term leasehold buildings	0	10,000,000	0	10,000,000
Long term leasehold land	0	8,000,000	0	8,000,000
	0	19,090,000	0	19,090,000
Group				
2015				
Long term leasehold buildings	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

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2016 and 31 March 2015.
- (ii) Level 2 fair value of freehold buildings, long term leasehold land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

8. INVESTMENT PROPERTY

Group	Balance as at 1.4.2015 RM	Amortisation charges for the financial year RM	Balance as at 31.3.2016 RM
Carrying amount			
Building	190,667	(6,500)	184,167
[-----At 31.3.2016-----]			
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Building	325,000	(140,833)	184,167
[-----At 31.3.2015-----]			
Group	Balance as at 1.4.2014 RM	Amortisation charges for the financial year RM	Balance as at 31.3.2015 RM
Carrying amount			
Building	197,167	(6,500)	190,667
[-----At 31.3.2015-----]			
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Building	325,000	(134,333)	190,667

- (a) The fair value of the investment property for disclosure purposes, which is at Level 3 fair value, is 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 property at the end of the reporting period is as follows:

	Group	
	2016 RM	2015 RM
Building	320,000	406,000

- (b) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2016 and 31 March 2015.

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

	Group	
	2016 RM	2015 RM
Maintenance fee	3,875	3,320
Quit rent and assessment	1,620	2,312

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

9. GOODWILL ON CONSOLIDATION

	Group	
	2016 RM	2015 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	
	2016 RM	2015 RM
Property development	551,552	551,552

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 7.10% (2015: 6.80%).
- (iii) Estimated number of units sold based on current market conditions and past performances.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares		
At cost	44,941,162	44,941,162
Less: Impairment losses	(16,944,854)	(16,663,309)
	27,996,308	28,277,853

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2016	2015	2016	2015	
		%	%	%	%	
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 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 Marketing Sdn. Bhd.	Malaysia	100	100	0	0	Dormant
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
<u>Subsidiaries of Emico Penang Sdn. Bhd.</u>						
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
<u>Subsidiaries of Emico Marketing Sdn. Bhd.</u>						
Emico Metalizing Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
Emico Melaka Sdn. Bhd.	Malaysia	0	0	51	51	Dormant
<u>Subsidiaries of NEB Development Berhad</u>						
NEB Pacific Sdn. Bhd.	Malaysia	0	0	100	100	Dormant
Unic Builders Sdn. Bhd.	Malaysia	0	0	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of Company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2016	2015	2016	2015	
		%	%	%	%	
Operasi Tembaga Sdn. Bhd.	Malaysia	0	0	70	70	Investment holding
<u>Subsidiary of Operasi Tembaga Sdn. Bhd.</u>						
PKB-Operasi Tembaga Sdn. Bhd.	Malaysia	0	0	56	56	Property development
<u>Subsidiary of Emico Asia Sdn. Bhd.</u>						
Emico Co. Ltd. *	People's Republic of China	0	0	100	100	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 RM281,545 (2015: RM1,160,395) 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 7.1% (2015: 6.8%) based on the weighted average cost of capital of the Company.

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

	NEB Development Berhad	Other individual immaterial subsidiaries	Total
2016			
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI (RM)	7,572,160	722,046	8,294,206
(Loss)/Profit allocated to NCI (RM)	(170,995)	551,855	380,860
2015			
NCI percentage of ownership interest 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)

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

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	NEB Development Berhad RM
2016	
Assets and liabilities	
Non-current assets	184,167
Current assets	18,869,442
Current liabilities	(123,209)
Net assets	<u>18,930,400</u>
Results	
Revenue	552,600
Loss for the financial year	(427,488)
Total comprehensive loss	<u>(427,488)</u>
Cash flows used in operating activities	(160,686)
Cash flows from investing activities	22,746
Net decrease in cash and cash equivalents	<u>(137,940)</u>
2015	
Assets and liabilities	
Non-current assets	220,668
Current assets	19,307,771
Current liabilities	(170,551)
Net assets	<u>19,357,888</u>
Results	
Revenue	2,345,000
Profit for the financial year	101,058
Total comprehensive income	<u>101,058</u>
Cash flows from operating activities	136,669
Cash flows from investing activities	11,786
Net increase in cash and cash equivalents	<u>148,455</u>

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

11. OTHER INVESTMENTS

	Group	
	2016	2015
	RM	RM
Unquoted shares in Malaysia, at cost		
Balance as at 1 April 2015/2014	1,024,800	1,082,300
Less: Investment written off	0	(57,500)
Balance as at 31 March	<u>1,024,800</u>	<u>1,024,800</u>
Less: Impairment losses		
Balance as at 1 April 2015/2014	(1,024,800)	(1,082,300)
Less: Reversal of impairment loss	0	57,500
Balance as at 31 March	<u>(1,024,800)</u>	<u>(1,024,800)</u>
Carrying amount	<u>0</u>	<u>0</u>
Fair value	<u>0</u>	<u>0</u>

12. DEFERRED TAX

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

	Group	
	2016	2015
	RM	RM
At 1 April 2015/2014	(4,104,844)	(3,104,113)
Recognised in profit or loss (Note 32)	(183,593)	(235,505)
Recognised in other comprehensive income	(316,568)	(765,226)
At 31 March	<u>(4,605,005)</u>	<u>(4,104,844)</u>
Presented after appropriate offsetting:		
Deferred tax assets, net	327,000	446,000
Deferred tax liabilities, net	(4,932,005)	(4,550,844)
	<u>(4,605,005)</u>	<u>(4,104,844)</u>

NOTES TO THE FINANCIAL STATEMENTS^(cont'd)

31 MARCH 2016

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 RM	Revaluation surplus of revalued properties RM	Total RM
At 1 April 2015	933,101	3,617,743	4,550,844
Recognised in profit or loss	172,500	(107,907)	64,593
Recognised in other comprehensive income	0	316,568	316,568
At 31 March 2016	<u>1,105,601</u>	<u>3,826,404</u>	<u>4,932,005</u>
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	<u>933,101</u>	<u>3,617,743</u>	<u>4,550,844</u>

Deferred tax assets of the Group

	Unused tax losses and unabsorbed capital allowances RM
Balance as at 1 April 2015	446,000
Recognised in profit or loss	(119,000)
Balance as at 31 March 2016	<u>327,000</u>
Balance as at 1 April 2014	325,000
Recognised in profit or loss	121,000
Balance as at 31 March 2015	<u>446,000</u>

- (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	
	2016 RM	2015 RM	2016 RM	2015 RM
Property, plant and equipment	250,000	228,300	0	0
Unused tax losses	13,684,600	13,126,300	5,833,800	5,051,700
	<u>13,934,600</u>	<u>13,354,600</u>	<u>5,833,800</u>	<u>5,051,700</u>

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.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

13. INVENTORIES

	Group	
	2016	2015
	RM	RM
At cost		
Raw materials	1,450,321	1,850,414
Work-in-progress	1,770,756	982,029
Finished goods	7,304,126	7,150,734
Developed properties	636,936	601,357
Properties under development	18,837,815	19,771,733
Land held for property development	8,315,499	7,861,742
	38,315,453	38,218,009
At net realisable value		
Developed properties	1,930,000	1,930,000
	40,245,453	40,148,009
Included in properties under development are:		
- Freehold land	504,933	812,738
- Leasehold land	1,436,233	1,757,030
- Development expenditure	18,557,649	18,862,965
	20,498,815	21,432,733
- Foreseeable loss	(1,661,000)	(1,661,000)
	18,837,815	19,771,733
Included in land held for property development are:		
- Freehold land	3,028,285	3,028,285
- Development expenditure	5,287,214	4,833,457
	8,315,499	7,861,742

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM36,545,319 (2015: RM34,140,110).

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Third parties	12,645,481	11,574,501	0	0
Amounts owing by related parties	2,147,319	1,955,763	0	0
	14,792,800	13,530,264	0	0
Less: Impairment loss				
- Third parties	(362,017)	(340,094)	0	0
	14,430,783	13,190,170	0	0
Other receivables				
Other receivables	1,685,876	2,365,966	0	0
Amounts owing by subsidiaries	0	0	8,167,294	15,279,247
	1,685,876	2,365,966	8,167,294	15,279,247
Less: Impairment loss				
- Other receivables	(150,098)	(150,098)	0	0
- Amounts owing by subsidiaries	0	0	0	(7,118,228)
	(150,098)	(150,098)	0	(7,118,228)
	1,535,778	2,215,868	8,167,294	8,161,019
Loans and receivables	15,966,561	15,406,038	8,167,294	8,161,019
Deposits and prepayments				
Deposits	705,943	697,763	1,000	1,000
Prepayments	1,258,537	580,159	15,900	38,137
	1,964,480	1,277,922	16,900	39,137
	17,931,041	16,683,960	8,184,194	8,200,156

- (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 (2015: 21 to 120 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 RM309,011 (2015: RMNil), representing monies paid by purchasers which are held by solicitors and will be released to the Company upon expiry of defective period and unbilled progress billing for completed project.
- (e) The currency exposure profile of loans and receivables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	9,998,236	10,843,683	8,167,294	8,161,019
United States Dollar	5,448,094	4,304,344	0	0
Chinese Renminbi	493,975	257,887	0	0
Japanese Yen	26,256	124	0	0
	15,966,561	15,406,038	8,167,294	8,161,019

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

14. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	8,837,817	8,950,170
Past due, not impaired		
1 to 30 days	2,846,054	2,675,448
31 to 60 days	1,629,972	610,668
61 to 90 days	419,388	506,165
More than 90 days	697,552	447,719
	5,592,966	4,240,000
Past due and impaired	362,017	340,094
	14,792,800	13,530,264

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 RM5,592,966 (2015: RM4,240,000) 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:

	Group		Individually impaired Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Trade receivables, gross	362,017	340,094	0	0
Less: Impairment loss	(362,017)	(340,094)	0	0
	0	0	0	0
Other receivables				
Other receivables, gross	150,098	150,098	0	7,118,228
Less: Impairment loss	(150,098)	(150,098)	0	(7,118,228)
	0	0	0	0

14. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
At 1 April 2015/2014	340,094	244,921	0	0
Charge for the financial year (Note 31)	26,145	121,673	0	0
Written off	0	(26,400)	0	0
Reversal of impairment loss (Note 28)	(4,222)	(100)	0	0
At 31 March	362,017	340,094	0	0

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables				
At 1 April 2015/2014	150,098	354,078	7,118,228	14,108,259
Charge for the financial year (Note 31)	0	50,100	0	0
Written off	0	(254,080)	(5,118,228)	(4,287,048)
Reversal of impairment loss (Note 28)	0	0	(2,000,000)	(2,702,983)
At 31 March	150,098	150,098	0	7,118,228

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	7,875,916	3,468,608	93,155	159,290
Deposits with licensed banks	721,560	543,977	0	0
	8,597,476	4,012,585	93,155	159,290

(a) Included in the Group's cash and bank balances is an amount of RM3,732,672 (2015: RM885,608) 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 2015.

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

(c) The deposits with licensed banks are pledged as security for banking facilities granted to a subsidiary as disclosed in Note 19 and 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

15. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	5,434,618	3,036,656	93,155	159,290
United States Dollar	2,868,245	907,094	0	0
Chinese Renminbi	233,040	66,947	0	0
Thai Baht	837	837	0	0
Euro	60,420	424	0	0
Sterling Pound	316	316	0	0
Vietnamese Dong	0	224	0	0
Hong Kong Dollar	0	87	0	0
	8,597,476	4,012,585	93,155	159,290

(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	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	7,875,916	3,468,608	93,155	159,290
Deposits with licensed banks	721,560	543,977	0	0
Bank overdrafts included in borrowings (Note 18)	(1,976,736)	(512,492)	0	0
	6,620,740	3,500,093	93,155	159,290
Less: Deposits pledged to licensed banks	(121,560)	(543,977)	0	0
	6,499,180	2,956,116	93,155	159,290

16. SHARE CAPITAL

	Group and Company	
	2016 RM	2015 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.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

17. RESERVES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable:				
Share premium	7,736,782	7,736,782	7,736,782	7,736,782
Revaluation reserve	11,810,965	10,808,502	0	0
Exchange translation reserve	10,427	24,695	0	0
	<u>19,558,174</u>	<u>18,569,979</u>	<u>7,736,782</u>	<u>7,736,782</u>

- (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 freehold buildings and long term leasehold land and buildings.
- (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	
	2016	2015
	RM	RM
<u>Current liabilities</u>		
Secured:		
Bank overdrafts (Note 19)	1,976,736	512,492
Short term bank loans (Note 20)	3,987,000	2,447,227
Hire purchase payables (Note 21)	241,900	265,227
Receivables financing (Note 22)	671,093	1,226,766
Term loans (Note 23)	1,049,928	962,609
	<u>7,926,657</u>	<u>5,414,321</u>
<u>Non-current liabilities</u>		
Secured:		
Hire purchase payables (Note 21)	1,013,609	1,029,176
Term loans (Note 23)	2,639,076	2,760,864
	<u>3,652,685</u>	<u>3,790,040</u>
<u>Total borrowings</u>		
Bank overdrafts (Note 19)	1,976,736	512,492
Short term bank loans (Note 20)	3,987,000	2,447,227
Hire purchase payables (Note 21)	1,255,509	1,294,403
Receivables financing (Note 22)	671,093	1,226,766
Term loans (Note 23)	3,689,004	3,723,473
	<u>11,579,342</u>	<u>9,204,361</u>

- (a) All borrowings are denominated in RM.
- (b) Information on financial risks of borrowings is disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

19. BANK OVERDRAFTS

The bank overdrafts of the Group are secured over by:

- (i) a charge on the deposits with licensed banks RMNil (2015: RM138,916);
- (ii) a legal charge over long term leasehold land and buildings as disclosed in Note 7 to the financial statements; and
- (iii) a corporate guarantee by the Company.

20. SHORT TERM BANK LOANS

	Group	
	2016 RM	2015 RM
Trust receipts	0	250,227
Banker's acceptance	3,987,000	2,197,000
	3,987,000	2,447,227

Short term bank loans of the Group are secured by:

- (i) a charge on the deposits with licensed banks of RM Nil (2015: RM405,061);
- (ii) a legal charge over long term 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	
	2016 RM	2015 RM
Minimum hire purchase payments:		
- not later than one (1) year	299,641	325,705
- later than one (1) year but not later than five (5) years	1,081,291	978,877
- later than five (5) years	66,760	178,479
Total minimum hire purchase payments	1,447,692	1,483,061
Less: Future interest charges	(192,183)	(188,658)
Present value of hire purchase payments	1,255,509	1,294,403
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	241,900	265,227
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	949,035	862,010
- later than five (5) years	64,574	167,166
	1,255,509	1,294,403

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

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 LOANS

The term loans of the Group are secured by:

- (i) a legal charge over freehold buildings, long term leasehold land and buildings as disclosed in Note 7 to the financial statements; and
- (ii) a corporate guarantee by the Company.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	6,467,450	8,340,586	0	0
Amounts owing to related parties	4,769,521	642,018	0	0
	11,236,971	8,982,604	0	0
Other payables				
Amounts owing to:				
- subsidiaries	0	0	12,805,305	12,949,107
- Directors	903,489	2,421,615	700,000	2,000,000
- related parties	499,979	2,346,701	0	0
Other payables	2,543,482	2,564,859	13	23,470
Deposit received	800,000	1,101,400	0	0
Accruals	3,058,425	2,995,186	254,510	252,610
	7,805,375	11,429,761	13,759,828	15,225,187
	19,042,346	20,412,365	13,759,828	15,225,187

(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 (2015: 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 RM959,839 (2015: RM988,242).

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

24. TRADE AND OTHER PAYABLES (cont'd)

- (e) Information on financial risks of trade and other payables are disclosed in Note 38 to the financial statements.
- (f) The currency exposure profile of payables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	15,879,689	17,609,550	13,759,828	15,225,187
Chinese Renminbi	2,059,587	1,536,105	0	0
United States Dollar	1,073,956	1,217,524	0	0
Euro	29,114	49,186	0	0
	<u>19,042,346</u>	<u>20,412,365</u>	<u>13,759,828</u>	<u>15,225,187</u>

25. DEFERRED REVENUE

Movements of the deferred revenue are as follows:

	Group	
	2016 RM	2015 RM
Balance as at 1 April 2015/2014	6,371,999	4,841,322
Additions during the financial year	15,095,385	14,124,358
Recognised in profit or loss	(15,639,480)	(12,593,681)
Balance as at 31 March	<u>5,827,904</u>	<u>6,371,999</u>

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

26. CONTINGENT LIABILITIES

Unsecured	Company	
	2016 RM	2015 RM
Corporate guarantees extended to local banks for credit facilities granted to subsidiaries	<u>10,323,829</u>	<u>7,909,958</u>

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.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

27. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	61,737,757	60,496,424	0	0
Property development	18,280,350	14,938,681	0	0
Management services rendered	0	0	240,000	240,000
	80,018,107	75,435,105	240,000	240,000

28. OTHER INCOME

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits forfeited	200,121	34,538	0	0
Gain on disposal of property, plant and equipment	54,017	0	0	0
Interest income:				
- house buyers	0	8,220	0	0
- financial institutions	151,209	58,564	175	0
Realised gain on foreign exchange	1,224,927	471,100	0	0
Rental received from:				
- machinery	24,000	24,000	0	0
- premises	180,000	105,000	0	0
Reversal of impairment loss on trade and other receivables (Note 14(g))	4,222	100	2,000,000	2,702,983
Sundry income	71,073	227,068	0	0
Waiver of debts by trade and other payables	0	573,858	0	0
	1,909,569	1,502,448	2,000,175	2,702,983

29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages, salaries, overtime and bonuses	8,643,265	7,623,168	643,124	554,150
Contributions to defined contribution plan	713,242	672,230	63,620	58,309
Social security contributions	64,532	83,472	797	797
Other benefits	501,928	655,728	0	0
	9,922,967	9,034,598	707,541	613,256

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

29. EMPLOYEE BENEFITS EXPENSE (cont'd)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive Directors of the Company:				
Fees	108,000	45,000	60,000	45,000
Contributions to defined contribution plan	149,390	132,747	63,620	58,309
Other emoluments	1,230,242	1,087,982	490,171	432,197
Non-executive Directors of the Company:				
Fees	60,000	45,000	60,000	45,000
Other emoluments	9,750	8,750	9,750	8,750
Executive Directors of the subsidiaries				
Fees	72,000	0	0	0
Contributions to defined contribution plan	0	26,265	0	0
Other emoluments	12,100	169,004	0	0
	1,641,482	1,514,748	683,541	589,256

30. FINANCE COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
- bank overdrafts	78,060	55,162	0	0
- short term bank loans	148,167	135,048	0	0
- hire purchase	61,962	79,253	0	0
- term loans	191,417	241,761	0	0
- others	33,283	50,819	8	11
	512,889	562,043	8	11

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

31. PROFIT BEFORE TAX

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 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	110,200	110,750	27,510	27,510
- underprovision in prior years	200	2,050	0	0
Bad debts written off	0	60,423	0	0
Depreciation of property, plant and equipment (Note 7)	2,031,077	2,053,708	0	0
Impairment losses on:				
- trade receivables (Note 14(g))	26,145	121,673	0	0
- other receivables (Note 14(g))	0	50,100	0	0
- investments in a subsidiary (Note 10(a))	0	0	281,545	1,160,395
Loss on disposal of property, plant and equipment	0	367	0	0
Property, plant and equipment written off (Note 7)	5	18,048	0	0
Realised loss on foreign exchange	2,514	28,671	0	0
Rental of:				
- equipment	953	1,710	0	0
- machinery	0	1,200	0	0
- premises	633,347	507,178	0	0
Unrealised loss on foreign exchange	85,771	0	0	0

32. TAX EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax expense based on profit for the financial year	1,955,365	593,830	0	0
Overprovision of tax expense in prior year	(314,444)	(3,802)	0	0
	1,640,921	590,028	0	0
Deferred tax (Note 12):				
- relating to origination and reversal of temporary differences	25,700	343,800	0	0
- crystallisation of deferred tax liability on revaluation surplus	(107,907)	(83,994)	0	0
- under/(over)provision in prior year	265,800	(24,301)	0	0
	183,593	235,505	0	0
	1,824,514	825,533	0	0

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the fiscal year.

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	
	2016	2015
	RM	RM
Profit attributable to equity holders of the parent	3,665,163	1,795,100
Weighted average number of ordinary shares in issue (unit)	95,926,521	95,926,521
Basic earnings per ordinary share (Sen)	<u>3.82</u>	<u>1.87</u>

(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	
	2016	2015
	RM	RM
Not later than one (1) year	414,700	123,600
Later than one (1) year and not later than five (5) years	416,400	11,700
	<u>831,100</u>	<u>135,300</u>

(b) The Group as lessor

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

	Group	
	2016	2015
	RM	RM
Not later than one (1) year	156,000	156,000
Later than one (1) year and not later than five (5) years	624,000	624,000
Later than five (5) years	520,000	702,000
	<u>1,300,000</u>	<u>1,482,000</u>

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

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 entities.

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

(b) In addition to the transactions 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	
	2016	2015	2016	2015
	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				
Progress claims:				
- Frame World Sdn. Bhd.	9,508,252	0	0	0
Purchases:				
- Century Plas Industries Sdn. Bhd.	8,632,726	8,600,193	0	0
- U-Can Marketing Sdn. Bhd.	1,172	135,051	0	0
- Emico (Vietnam) Co., Ltd.	3,033,808	1,327,397	0	0
Sales:				
- Century Plas Industries Sdn. Bhd.	6,428,760	6,063,931	0	0
- U-Can Marketing Sdn. Bhd.	2,919	32,081	0	0
- Emico (Vietnam) Co., Ltd.	195,362	0	0	0
Rental of machinery received:				
- Century Plas Industries Sdn. Bhd.	24,000	24,000	0	0
Rental of premises received:				
- Century Plas Industries Sdn. Bhd.	156,000	141,000	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 2016 are disclosed in Notes 14 and 24 to the financial statements.

35. RELATED PARTY DISCLOSURES

(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 and the Company.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short term employee benefits	1,492,092	1,355,736	619,921	530,947
Contributions to defined contribution plans	149,390	159,012	63,620	58,309
	<u>1,641,482</u>	<u>1,514,748</u>	<u>683,541</u>	<u>589,256</u>
Estimated cash value of benefits-in-kind provided to Directors	92,525	71,684	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 buildings |
| (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.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

36. OPERATING SEGMENTS (cont'd)

	Consumable products RM	Property development RM	Investment holding RM	Group RM
2016				
Revenue:				
Total revenue	61,901,098	18,280,350	240,000	80,421,448
Inter-segment revenue	(163,341)	0	(240,000)	(403,341)
Revenue from external customers	61,737,757	18,280,350	0	80,018,107
Interest income	107,193	43,841	175	151,209
Finance costs	(474,533)	(38,348)	(8)	(512,889)
Net finance (expense)/income	(367,340)	5,493	167	(361,680)
Depreciation and amortisation	(1,748,648)	(288,929)	0	(2,037,577)
Segment profit/(loss) before income tax	3,803,391	2,932,315	(865,169)	5,870,537
Tax expenses	0	0	0	(1,824,514)
Other non-cash items:				
- impairment losses on trade and other receivables	26,145	0	0	26,145
- property, plant and equipment written off	0	1	4	5
- gain on disposal of property, plant and equipment	(6,500)	(47,517)	0	(54,017)
Additions to non-current assets other than financial instruments and deferred tax assets	990,951	0	0	990,951
Segment assets	48,099,798	42,371,298	666,730	91,137,826
Segment liabilities	20,118,941	15,283,621	1,047,030	36,449,592

NOTES TO THE FINANCIAL STATEMENTS^(cont'd)

31 MARCH 2016

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	0	0	0	(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

NOTES TO THE FINANCIAL STATEMENTS^(cont'd)

31 MARCH 2016

36. OPERATING SEGMENTS (cont'd)

(a) Reconciliations

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

	2016	2015
	RM	RM
Revenue		
Total revenue for reportable segments	80,421,448	87,593,059
Elimination of inter-segment revenue	(403,341)	(12,157,954)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>80,018,107</u>	<u>75,435,105</u>
Profit for the financial year		
Total profit for reportable segments	5,870,537	2,617,773
Elimination of inter-segment profits	0	0
Profit before tax	5,870,537	2,617,773
Tax expenses	(1,824,514)	(825,533)
Profit for the financial year	<u>4,046,023</u>	<u>1,792,240</u>
Assets		
Total assets for reporting segments	91,137,826	84,973,610
Tax assets	428,715	543,018
Assets of the Group per consolidated statement of financial position	<u>91,566,541</u>	<u>85,516,628</u>
Liabilities		
Total liabilities for reporting segments	36,449,592	35,988,725
Tax liabilities	5,875,698	5,320,870
Liabilities of the Group per consolidated statement of financial position	<u>42,325,290</u>	<u>41,309,595</u>

(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 where the customers are originated. Segment assets are based on the geographical location of the Group's assets. The non-current assets do not include deferred tax assets.

	2016	2015
	RM	RM
Revenue from external customers		
Malaysia	36,792,763	30,101,561
Europe	33,963,641	39,089,659
Other countries	9,261,703	6,243,885
	<u>80,018,107</u>	<u>75,435,105</u>
Non-current assets		
Malaysia	<u>24,363,856</u>	<u>24,129,056</u>

(c) Major customers

Revenue from one (1) major customer (2015: two) in the consumable products segment amounted to RM13,336,422 (2015: RM24,947,803) 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 2016 and 31 March 2015 were as follows:

	Group	
	2016	2015
	RM	RM
Borrowings	11,579,342	9,204,361
Less:		
Cash and bank balances	(7,875,916)	(3,468,608)
Deposits with licensed banks	(721,560)	(543,977)
Net debt	<u>2,981,866</u>	<u>5,191,776</u>
Total capital	40,947,045	36,293,687
Net debt	2,981,866	5,191,776
Equity	<u>43,928,911</u>	<u>41,485,463</u>
Gearing ratio	<u>7%</u>	<u>13%</u>

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 2016.

(b) Financial instruments

	Loans and receivables			
	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial assets				
Trade and other receivables (excluding deposits and prepayment)	15,966,561	15,406,038	8,167,294	8,161,019
Cash and bank balances	8,597,476	4,012,585	93,155	159,290
	<u>24,564,037</u>	<u>19,418,623</u>	<u>8,260,449</u>	<u>8,320,309</u>
Other financial liabilities				
	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial liabilities				
Trade and other payables	19,042,346	20,412,365	13,759,828	15,225,187
Borrowings	11,579,342	9,204,361	0	0
	<u>30,621,688</u>	<u>29,616,726</u>	<u>13,759,828</u>	<u>15,225,187</u>

37. FINANCIAL INSTRUMENTS (cont'd)

(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.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
As at 31 March 2016										
Financial liabilities										
Other financial liabilities										
- Hire purchase payables	0	0	0	0	0	1,234,027	0	1,234,027	1,234,027	1,255,509
Unrecognised financial liabilities										
- Contingent liabilities	0	0	0	0	0	0	*	0	0	0
As at 31 March 2015										
Financial liabilities										
Other financial liabilities										
- Hire purchase payables	0	0	0	0	0	1,264,829	0	1,264,829	1,264,829	1,294,403
Unrecognised financial liabilities										
- Contingent liabilities	0	0	0	0	0	0	*	0	0	0

* 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 2016 and 31 March 2015.

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 could 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.

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 a credit control department 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.

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

(i) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile 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 are as follows:

	2016		2015	
	RM	% of total	RM	% of total
By country:				
Malaysia	8,931,865	62%	9,062,147	69%
Sweden	2,859,036	20%	1,683,994	13%
Italy	753,427	5%	800,655	6%
Germany	378,489	3%	0	0%
China	325,823	2%	218,835	1%
United States of America	301,482	2%	139,262	1%
Poland	221,971	1%	0	0%
United Kingdom	110,855	1%	1,039,402	8%
Indonesia	74,314	1%	145,544	1%
Others	473,521	3%	100,331	1%
	14,430,783	100%	13,190,170	100%

At the end of the reporting period, approximately:

22.3% (2015: 20.9%) of the Group's trade receivables were due from major customers who are multi-industry conglomerates located in Italy, Sweden, United Kingdom and Malaysia.

14.5% (2015: 14.5%) of the Group's trade receivables were due from related parties.

99.8% (2015: 99.5%) 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.

(ii) Liquidity and cash flow risk

The Group actively manage its 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.

NOTES TO THE FINANCIAL STATEMENTS_(cont'd)

31 MARCH 2016

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

(ii) Liquidity and cash flow risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of each 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 2016				
Group				
Financial liabilities:				
Trade and other payables	19,042,346	0	0	19,042,346
Borrowings	7,969,392	2,886,956	843,990	11,700,338
Total undiscounted financial liabilities	27,011,738	2,886,956	843,990	30,742,684
Company				
Financial liabilities:				
Trade and other payables	13,759,828	0	0	13,759,828
Total undiscounted financial liabilities	13,759,828	0	0	13,759,828
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

(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 2016, 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 RM54,289 (2015: RM32,479) 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 RM54,289 (2015: RM32,479) 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 higher in 2016 than in 2015 because of a increase 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 2016																								
Fixed rates																								
Deposits with licensed banks	15	3.28	721,560	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	721,560		
Hire purchase payables	18	5.10	(216,286)	(198,268)	(208,215)	(175,018)	(102,202)	(64,574)														(964,563)		
Floating rates																								
Bank overdrafts	18	8.60	(1,976,736)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,976,736)		
Short term bank loans - banker's acceptance	18	4.26	(3,987,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(3,987,000)		
Hire purchase payables	18	5.98	(25,614)	(120,197)	(145,135)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(290,946)		
Receivables financing	18	2.34	(671,093)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(671,093)		
Term loans	18	5.25	(1,049,928)	(1,112,658)	(681,014)	(33,296)	(34,878)	(777,230)														(3,689,004)		

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					More than		Total RM
			year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 years	RM	
At 31 March 2015										
Fixed rates										
Deposits with licensed banks	15	3.23	543,977	0	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	0	512,492
Short term bank loans										
- banker's acceptance	18	5.02	(2,197,000)	0	0	0	0	0	0	(2,197,000)
- trust receipts	18	8.85	(250,227)	0	0	0	0	0	0	(250,227)
Hire purchase payables	18	7.60	(25,285)	0	0	0	0	0	0	(25,285)
Receivables financing	18	2.17	(1,226,766)	0	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	0	(3,723,473)

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 bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances (in United States Dollar, Chinese Renminbi, Thai Bath, Euro, Sterling Pound, Vietnamese Dong and Hong Kong Dollar) amounted to RM3,162,858 (2015: RM975,929) 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 2016.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis 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	
		2016	2015
		RM	RM
USD/RM	- Strengthened 5%	362,119	199,696
	- Weakened 5%	(362,119)	(199,696)
Chinese Renminbi/RM	- Strengthened 5%	(66,629)	(60,564)
	- Weakened 5%	66,629	60,564
Euro/RM	- Strengthened 5%	1,565	(2,438)
	- Weakened 5%	(1,565)	2,438

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total accumulated losses of Emico Holdings Berhad and its subsidiaries				
- Realised	(79,164,313)	(85,489,218)	(81,275,574)	(82,377,291)
- Unrealised	(864,371)	348,100	0	0
	(80,028,684)	(85,141,118)	(81,275,574)	(82,377,291)
Add: Consolidation adjustments	5,491,034	6,938,305	0	0
Total accumulated losses	(74,537,650)	(78,202,813)	(81,275,574)	(82,377,291)

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2016

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

Size of Holdings	No. of Shares Held		No. of Shareholders	
	Quantity	%	Number	%
1 To 99	745	–	22	0.67
100 To 1,000	653,447	0.68	733	22.12
1,001 To 10,000	7,803,881	8.13	1,579	47.66
10,001 To 100,000	31,752,630	33.10	864	26.08
100,001 To 4,796,325 (*)	50,118,218	52.25	114	3.44
4,796,326 and above (**)	5,597,600	5.84	1	0.03
Total	95,926,521	100.00	3,313	100.00

REMARK: * Less than 5% of issued shares

** 5% or more of issued shares

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Lim Poh Leng	5,597,600	5.84	21,285,359 #	22.19
2. Lim Teck Chye	2,436,130	2.54	24,446,829 #	25.49
3. Lim Poh Hoon	112,000	0.12	26,770,959 #	27.91
4. Lim Teik Hian	52,000	0.06	26,830,959 #	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 family members Lim Teik Hian (brother), Lim Poh Hoon (sister), Lim Teck Chye (brother) and Lim Poh Leng (sister).

DIRECTORS' SHAREHOLDINGS

Name	No. of Shares Held			
	Direct	%	Indirect	%
1. Lim Teik Hian	52,000	0.06	26,830,959 #	27.97
2. Lim Teck Chye	2,436,130	2.54	24,446,829 #	25.49
3. Wong Sew Yun	895,859	0.93	–	–

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 30 JUNE 2016

Name	No. of Shares	Percentage
1. Lim Poh Leng	5,597,600	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. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Pey Ling	1,965,500	2.05
7. Beng Choo Marketing Sdn Bhd	1,964,212	2.05
8. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Geok Wah	1,500,000	1.56
9. Lim Teck Chye	1,225,100	1.28
10. Lim Teck Chye	1,211,030	1.26
11. Teoh Wah Ing	1,000,000	1.04
12. Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Capital Management Sdn Bhd	901,400	0.94
13. Wong Sew Yun	895,859	0.93
14. Norlita Binti Mohd Tahir	860,000	0.90
15. Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Poh Leng	850,900	0.89
16. Low Soo Ha @ Low Cheen Chong	750,000	0.78
17. Mercsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beng Choo Marketing Sdn Bhd	692,600	0.72
18. Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	684,000	0.71
19. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Young Tat	615,000	0.64
20. Tan Hai Khoon	600,000	0.63
21. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Seok Yong	592,400	0.62
22. Mercury Industries Berhad	510,000	0.53
23. Aw Yoong Sau Kuan	500,000	0.52

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 JUNE 2016

Name	No. of Shares	Percentage
24. Chung Kean Beng	500,000	0.52
25. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mohamed Faisal Bin Noor Mohamed	500,000	0.52
26. JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hon Meng Heng	500,000	0.52
27. Liu Nyak Zoo	450,000	0.47
28. Chuah Guan Leong	449,000	0.47
29. Beng Choo Marketing Sdn Bhd	437,000	0.46
30. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Teck Chye	413,917	0.43
Total	39,542,618	41.22

LIST OF PROPERTIES

AS AT 31 MARCH 2016

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	79,093	147,214	24 to 31	18,000	2016*
Unit 2-5-9 Harbour Trade Centre, Lebuh Macallum, Pulau Pinang	99-years Leasehold Expiring 2089	Office unit for rental	-	2,031	21	184	1992
Geran 127391 & 127392 Bandar Sungai Petani, Daerah Kuala Muda, Kedah	Freehold	3 storey office buildings	2,800	7,394	8	1,090	2016*
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	1,101,686	-	-	3,246	1996
Taman Simfoni Bandar Kuah, Daerah Langkawi, Kedah	99 years Leasehold Expiring 2112	Land held for development and on-going mix development project	615,157	-	-	1,436	1996

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting ("AGM") of the Company will be held at The Conference Room of Emico Holdings Berhad, 18 Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang on Friday, 19 August 2016 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 2016 together with the Reports of Directors and Auditors thereon. **Please refer to Note 6**
2. To approve the increase and the payment of Directors' Fees for the financial year ended 31 March 2016. **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 AGM 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. Jimmy Ong Chin Keng
ii. Mr. Lim Teck Chye

Resolution 3
Resolution 4
5. To re-appoint Messrs. BDO as Auditors of the Company to hold office until the next AGM 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 AGM 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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 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 and to hold office until the next AGM 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 and to hold office until the next AGM 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-Fourth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 12 August 2016. Only a depositor whose name appears on the Record of Depositors as at 12 August 2016 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 : 28 July 2016

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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.*
6. *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. *The 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. Hence, the Agenda 1 is not put forward for voting.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. *The proposed 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 AGM.*

The proposed general mandate for issuance 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 AGM of the Company.

8. *The proposed Resolution 7 is to seek a renewal of shareholders' 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 28 July 2016 which has been dispatched together with the Company's 2016 Annual Report for the financial year ended 31 March 2016.*
9. *The proposed Resolutions 8 and 9 are to seek the shareholders' approval for the existing 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 24 - 36 of the Company's 2016 Annual Report.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS (cont'd)

10. 2016 Annual Report

The 2016 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 Encik Rahimy Safary Bin Yahaya at telephone no. 03-27839299 or email your request to Rahimy.Safary@my.tricorglobal.com

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

ELECTION OF DIRECTORS

There are no individuals who are standing for election as directors at the forthcoming Twenty-Fourth Annual General Meeting of the Company.

GENERAL MANDATE FOR ISSUANCE OF SHARES

The Resolution 6 tabled under Special Business as per the Notice of Twenty-Fourth Annual General Meeting of the Company dated 28 July 2016 is a renewal of general mandate pursuant to Section 132D of the Companies Act, 1965 granted from shareholders of the Company at the last Annual General Meeting held on 28 August 2015.

The renewal of general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 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 meeting, no new shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

PROXY FORM

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 abovenamed 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-Fourth 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, 19 August 2016 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 thisday of.....,2016

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 12 August 2016 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



www.emico.com.my



EMICO HOLDINGS BERHAD (230326-D)

18, Lebuhraya Kampung Jawa, 11900 Bayan Lepas, Penang, Malaysia.

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