



TURIYA BERHAD

Reg. No. 198001001793
(55576-A)



ANNUAL REPORT 2020

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CORPORATE PROFILE

Turiya Berhad (“**Turiya**” and/or the “**Company**”) (<https://www.turiya.com.my>) has a history that dates back to 1961 when it was established as a private limited company known as Sitt Tatt Sdn. Bhd. After more than 20 years of growth and expansion, Turiya was listed on the Main Board of Bursa Malaysia Securities Berhad on 19 October 1984. As at 31 March 2020, Turiya has an issued and fully paid up capital of RM280.8 million.

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

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

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

Wisma Chase Perdana



CORPORATE PROFILE (CONT'D)

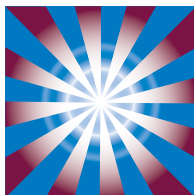


Factory of Pyramid Manufacturing Industries Pte. Ltd.

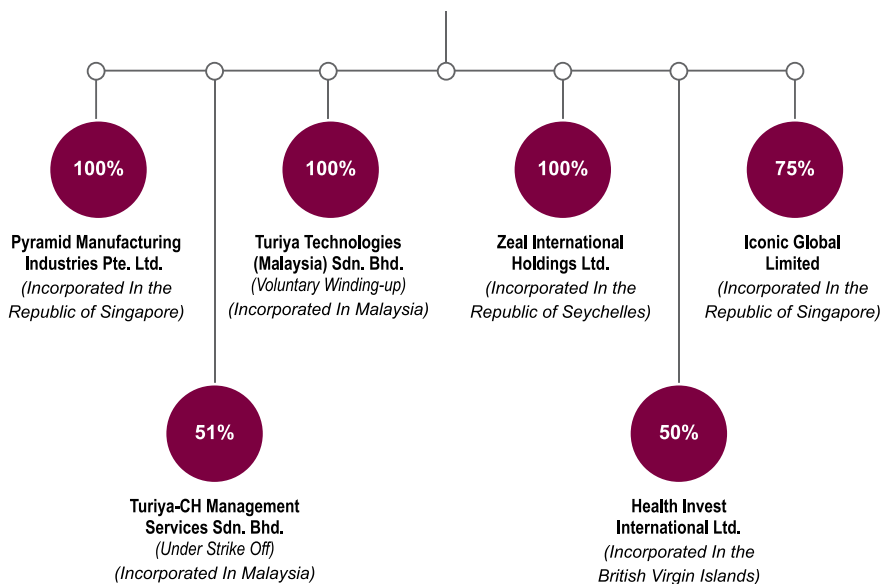
Due to the cyclical nature and uncertainty in the semiconductor business, the Company diversified its earnings base into property investment. In 2009, the Company completed its acquisition of Wisma Chase Perdana (WCP). WCP is an office building strategically located in Damansara Heights, Kuala Lumpur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

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

CORPORATE STRUCTURE



TURIYA BERHAD
Reg. No. 198001001793
(55576-A)

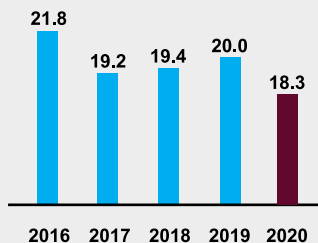


FIVE-YEAR FINANCIAL HIGHLIGHTS

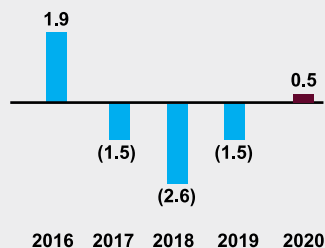
(RM'000)	Financial Year Ended 31 March				
	2020	2019	2018	2017	2016
Turnover					
– Continuing operations	18,269	20,044	19,383	19,233	21,773
– Discontinued operations	-	-	-	-	-
Profit/(Loss) for the financial year attributable to:					
Equity holders of the Company	455	(1,584)	(2,639)	(1,451)	1,914
Non-controlling interests	(14)	771	(52)	273	(69)
Paid-up Capital	280,779	280,779	280,779	228,728	228,728
Total Tangible Assets	164,988	172,299	172,213	173,228	179,228
Shareholders' Fund	120,666	120,766	122,618	127,249	128,276
Earnings/(Loss) per Share (Sen)	0.20	(0.69)	(1.15)	(0.63)	0.84
Net Assets Per Ordinary Share Attributable to Equity Holders of The Company (Sen)	53	53	54	56	56
Net Tangible Assets per Share (Sen)	51	51	52	54	54

FIVE-YEAR FINANCIAL HIGHLIGHTS (CONT'D)

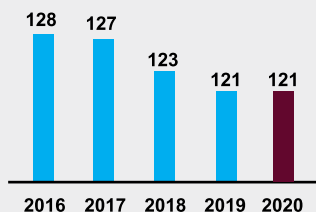
Turnover (Total)
(RM' Million)



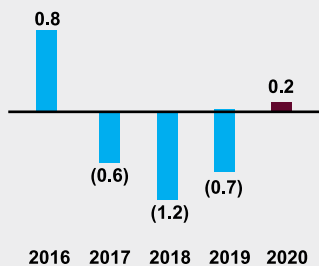
Profit/(Loss) for the Financial Year
Attributable to Equity Holders
of the Company (RM' Million)



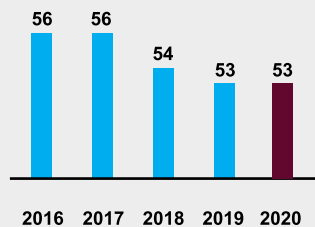
Shareholders' Fund
(RM' Million)



Earnings/(Loss) per
Ordinary Share (Sen)



Net Assets per Share (Sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

- *Independent Non-Executive Chairman*
Dato' Halim Bin Muhamat (Appointed on 26 November 2019)
(Re-designated as Chairman on 25 August 2020)
- *Non-Independent Non-Executive Chairman*
Mr. Mohanadass Kanagasabai (Resigned on 7 October 2019)
- *Independent Non-Executive Director*
Mr. Jayapalasingam Kandiah
En. Mohd Kamal Bin Mohd Zahari
- *Non-Independent Non-Executive Director*
Ms. Usha Nathan
Mr. Abdulla Abdulaziz Ali Taleb
(Re-designated on 26 November 2019)
YM Tunku Dato' Yaacob Khyra
(Appointed on 26 November 2019)

AUDIT COMMITTEE

Committee Members

Mr. Jayapalasingam Kandiah
(Chairman)
En. Mohd Kamal Bin Mohd Zahari
Dato' Halim Bin Muhamat
(Appointed on 26 November 2019)
(Re-designated as Chairman
on 25 August 2020)
Mr. Abdulla Abdulaziz Ali Taleb
(Resigned on 26 November 2019)

NOMINATION COMMITTEE

Committee Members

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

REMUNERATION COMMITTEE

Committee Members

Ms. Usha Nathan (Chairman)
Mr. Jayapalasingam Kandiah
Mr. Abdulla Abdulaziz Ali Taleb

INVESTMENT COMMITTEE

Committee Members

Mr. Jayapalasingam Kandiah
(Chairman)
Ms. Usha Nathan
Mr. Abdulla Abdulaziz Ali Taleb

RISK MANAGEMENT COMMITTEE

Committee Members

Mr. Jayapalasingam Kandiah
(Chairman)
En. Mohd Kamal Bin Mohd Zahari
Mr. Abdulla Abdulaziz Ali Taleb
(Appointed on 26 September 2019)
Ms. Usha Nathan
(Resigned on 26 September 2019)

COMPANY SECRETARY

Ms. Wong Youn Kim (MAICSA 7018778)
(SSM Practising Certificate No.
201908000410)

AUDITORS

Baker Tilly Monteiro Heng PLT
(LLP 0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Telephone : 03-2297 1000
Facsimile : 03-2282 9980

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESSES

MALAYSIA

Turiya Berhad
Suite 7.3, 7th Floor
Wisma Chase Perdana
Changkat Semantan
Damansara Heights
50490 Kuala Lumpur
Telephone : 03-2718 3800
Facsimile : 03-2732 7150

SINGAPORE

Pyramid Manufacturing Industries Pte. Ltd.
No. 87, Tuas Avenue 1
Singapore 639519
Telephone : 65-6862 1900
Facsimile : 65-6861 5418/
65-6863 1733

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
Telephone : 03-7890 4700
Facsimile : 03-7890 4670

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

Sector : Technology
Stock name : TURIYA
Stock code : 4359

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

On behalf of my fellow members of the Board of Directors (the “Board”) of Turiya Berhad (the “Company”), I am pleased to present the Annual Report and the Audited Financial Statements of the Group and of the Company for the year ended 31 March 2020 (“FY2020” or the “Year”). FY2020 presented a challenging environment, due to a downturn in the market for office tenancy. The other business in supplies to the Semi-Conductor industry continued to perform well.

Further information of Turiya’s performance in FY2020 is detailed in the Management Discussion and Analysis.

CORPORATE GOVERNANCE

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

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

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

DIVIDEND

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

APPRECIATION

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

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

Dato’ Halim Bin Muhamat
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Office Tenancy Market

Throughout the financial year, office tenancy market remains weak with very poor demand despite offering competitive rates. It is expected to remain slow for the rest of the year as market sentiment has not recovered due to the COVID-19 outbreak globally. Potential tenants suspended any expansion or relocation plans as they adopt a wait-and-see approach and rationalize spendings.

Hence, the second half of 2020 will turn out to be poor largely due to the low pre-commitment levels in newly completed projects. As highlighted in the previous year, the gap between the tenant-led market where supply is more than demand for office space continued as businesses keen to conserve cash and remain cautious on expansion.

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

Semiconductor Market

The semiconductor business is cyclical in nature, susceptible to global economic changes. According to the latest forecast from World Semiconductor Trade Statistics ("WSTS"), an organization of more than 55 chips suppliers that pool sales data, WSTS expects the world semiconductor market to be up by 3.3 percent to US\$ 426 billion in 2020. This reflects expected increase in Integrated Circuits, except Analog, with an increase from Memory at 15.0 percent, followed by Logic with 2.9 percent. For 2021, the global semiconductor market is projected to grow by 6.2 percent, driven by double-digit growth of Memory. All regions are expected to show a positive growth rate.

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

FINANCIAL OVERVIEW

	2020 RM Million	2019 RM Million	Changes %
Total Revenue	18.27	20.04	(8.83)
Profit/(Loss) for the Financial Year	0.44	(0.81)	154.32

The Group recorded revenue of RM18.27 million for the financial year ended 31 March 2020 as compared to RM20.04 million in the preceding financial year. This represent a decrease of RM1.77 million or 8.83% which was mainly due to decrease in revenue in the semiconductor segment for the financial year.

The Group recorded profit of RM0.43 million for the financial year ended 31 March 2020 as compared to loss of RM0.81 in the preceding financial year.

FUTURE OUTLOOK

Financial Year End 2020 ends when covid-19 pandemic started to increase in Malaysia and many industries are affected by this pandemic. The management will continue its efforts in increasing the tenancy, operational efficiency, effective cost management and seeking new business opportunities.

DIRECTORS' PROFILE



DATO' HALIM BIN MUHAMAT
Independent Non-Executive Chairman

Dato' Halim Bin Muhamat, a Malaysian, aged 73, was appointed to the Board of Turiya as an Independent Non-Executive Director on 26 November 2019. He is the member of the Audit Committee of the Company. Thereafter on 25 August 2020, he was re-designated as an Independent Non-Executive Chairman.

Dato' Halim, had a long and distinguished career at Bank Bumiputra Malaysia Berhad which he joined in 1967. He served as Executive Director and Chief Operating Officer of Bumiputra-Commerce Bank Berhad before his appointment as Group Corporate Advisor at Bumiputra-Commerce Holdings Berhad in 2004. He also served as President Commissioner of Bank Niaga Tbk, Jakarta, Indonesia before appointed as an Independent Director in Chase Perdana Sdn Bhd.

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

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

DIRECTORS' PROFILE (CONT'D)

YM TUNKU DATO' YAACOB KHYRA
*Non-Independent Non-Executive
Director*

YM Tunku Dato' Yaacob Khyra, a Malaysian, aged 60, was appointed to the Board of Turiya as a Non-Independent Non-Executive Director on 26 November 2019.

Tunku Dato' Yaacob started his career as an Auditor with Price Waterhouse in London from 1982 to 1985 and subsequently, employed by the same firm in Kuala Lumpur from 1986 to 1987. Tunku Dato' Yaacob joined Malaysian Assurance Alliance Berhad (*now known as Zurich Life Insurance Malaysia Berhad*) in 1987 until October 2006. Currently, Tunku Dato' Yaacob is a Board Member of MAA Group Berhad, Mycron Steel Berhad, Melewar Industrial Group Berhad, Melewar Group Berhad, Khyra Legacy Berhad, Yayasan Khyra, MAA Bancwell Trustee Berhad, Ithmaar Holding B.S.C., Ithmaar Bank B.S.C. (Closed) and several private limited companies.

Tunku Dato' Yaacob is the Chairman of the Board of Trustees of MAA-Medicare Charitable Foundation and the Budimas Charitable Foundation. He also sits on the Board of Altech Chemicals Limited which is listed in Australia as Non-Executive Director.

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

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

DIRECTORS' PROFILE (CONT'D)**USHA NATHAN***Non-Independent Non-Executive Director*

Ms. Usha Nathan, a Malaysian, aged 50, was appointed to the Board of Turiya on 1 March 1999 as an Alternate Director and subsequently appointed as Non-Executive Director of the Company on 16 January 2001. Thereafter on 13 July 2005, she was re-designated as an Independent Non-Executive Director of Turiya. On 10 July 2014, she was re-designated as Non-Independent Non-Executive Director of Turiya. She is the Chairman of the Remuneration Committee and also a member of Investment Committee and Risk Management Committee of the Company.

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

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

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

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

DIRECTORS' PROFILE (CONT'D)

JAYAPALASINGAM KANDIAH
Independent Non-Executive Director

Mr. Jayapalasingam Kandiah, a Malaysian, aged 72, was appointed to the Board of Turiya as an Independent Non-Executive Director on 24 November 2011. On 20 February 2013, he was re-designated as the Non-Independent Non-Executive Director of Turiya. On 19 May 2014, he was designated as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and Risk Management Committee and also a member of the Nomination Committee, Remuneration Committee and Investment Committee of the Company.

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

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

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

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

DIRECTORS' PROFILE (CONT'D)

En. Mohd Kamal Bin Mohd Zahari
Independent Non-Executive Director

En. Mohd Kamal Bin Mohd Zahari, a Malaysian, aged 47, was appointed to the Board of Turiya as an Independent Non-Executive Director on 11 July 2018. He is a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company.

En. Mohd Kamal is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, and the Chartered Tax Institute of Malaysia and holds a Master of Business Administration and Bachelor of Accounting (Hons), from University Utara Malaysia. En. Mohd Kamal's carrier in auditing was with Singam & Yong Chartered Accountants from 1997 to 2000. He currently is an Audit Partner in Kamal Zahari & Co and Zariman & Kamal professional firms of Chartered Accountants and members of the Malaysian Institute of Accountants. He has over 23 years of experience in auditing.

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

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

DIRECTORS' PROFILE (CONT'D)

ABDULLA ABDULAZIZ ALI TALEB
*Non-Independent Non-Executive
Director*

Mr. Abdulla Taleb, a Bahraini, aged 41, was appointed to the Board of Turiya Berhad as an Independent Non-Executive Director on 24 May 2016. On 26 November 2019, he was re-designated as the Non-Independent Non-Executive Director of Turiya. He is a member of the Nomination Committee, Remuneration Committee, Investment Committee and Risk Management Committee of the Company.

Mr. Abdulla has more than 18 years experience in banking and currently he is heading Business Banking Group Department of Ithmaar Bank Bahrain. Besides that Mr. Abdulla has strong work experience in a number of banking functions including Islamic financial services, corporate banking, capital markets and credits. Prior to joining Ithmaar Bank he held senior positions in various banks and financial institutions including BNI Bank, First Investment Bank, Shamil Bank of Bahrain and Khaleej Finance & Investments.

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

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

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

SENIOR MANagements' PROFILE



IR. SATHAPPAN GANESON
Acting Chief Operation Officer

Ir. Sathappan Ganeson, a Malaysian, aged 47, is the Acting Chief Operations Officer appointed on 5 September 2017.

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

He has more than 25 years of experience in international engineering consultancy, construction and property development and currently engaged by Chase Perdana Sdn Bhd as an Executive Director (*a sister company of Turiya Bhd*).

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

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

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



SANI AZMAN BIN MD HANAFIAH
General Manager – Finance

En. Sani Azman Bin Md Hanafiah, a Malaysian, aged 46, joined Turiya Berhad as a General Manager – Finance on 1 April 2018. He is a member of the Malaysian Institute of Accountants, holds a Bachelor of Accounting (Hons), from International Islamic University Malaysia. He has more than 21 years of experience in finance, accounting, tax, business development and strategy management.

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

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

AUDIT COMMITTEE REPORT

COMPOSITION

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

Mr. Jayapalasingam Kandiah (*Chairman*)

En. Mohd Kamal bin Mohd Zahari

Dato' Halim Bin Muhamat (*Appointed on 26 November 2019*)

(*Re-designated as Chairman on 25 August 2020*)

Mr. Abdulla Abdulaziz Ali Taleb (*Resigned on 26 November 2019*)

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

MEETINGS

During the financial year, the Audit Committee conducted six (6) meetings of which all were duly convened with sufficient notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executives were invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors' audit plans, audit reports and the audited financial statements for the financial year ended 31 March 2020.

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

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

Committee Member	Meeting Attended
Mr. Jayapalasingam Kandiah	6/6
En. Mohd Kamal Bin Mohd Zahari	6/6
Dato' Halim Bin Muhamat (<i>Appointed on 26 November 2019</i>) (<i>Re-designated as Chairman on 25 August 2020</i>)	4/4
Mr. Abdulla Abdulaziz Ali Taleb (<i>Resigned on 26 November 2019</i>)	2/2

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

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

Quarterly Financial Statements and Audited Financial Statements

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

External Auditors

- reviewed the external audit planning memorandum, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.
- the total cost incurred in external audit amounted to RM126,456.

Internal Auditors

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

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

The Audit Committee reviewed the following internal auditors' reports:

- Rental Income and Occupancy of Wisma Chase Perdana
- Follow-up audit on Financial Controls Over Expenditure Cycle (HQ)

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES (Cont'd)

Internal Control and Risk Management

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

INTERNAL AUDIT FUNCTION

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

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

The total cost incurred in internal audit amounted to RM17,000.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

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

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

STATEMENT ON CORPORATE GOVERNANCE

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

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 – Board Duties and Responsibilities

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

I. Board Responsibilities (Cont'd)

Practice 1.2 – Chairman

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

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

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

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

Practice 1.3 – Separation in the roles of Chairman and Acting Chief Operations Officer

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

Practice 1.4 – Company Secretary

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

I. Board Responsibilities (Cont'd)

Practice 1.4 – Company Secretary (Cont'd)

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

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

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

Practice 1.5 – Information and Support for Directors

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

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

There were Seven (7) Board meetings held during the financial year ended 31 March 2020. The attendance of each Director at the Board meetings who held office during the financial year is set out below:

Name of Directors	Meeting Attended
Mr. Jayapalasingam Kandiah	7/7
Ms. Usha Nathan	6/7
Mr. Abdulla Abdulaziz Ali Taleb	7/7
En. Mohd Kamal Bin Mohd Zahari	6/7
Dato' Halim Bin Muhamat (<i>Appointed on 26 November 2019</i>) (<i>Re-designated as Chairman on 25 August 2020</i>)	4/4
YM Tunku Dato' Yaacob Khyra (<i>Appointed on 26 November 2019</i>)	4/4
Mr. Mohanadass Kanagasabai (<i>Resigned on 10 October 2019</i>)	1/1

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

I. Board Responsibilities (Cont'd)

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

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

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

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

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

Practice 2.1 – Board Charter

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

I. Board Responsibilities (Cont'd)

Practice 3.1 – Code of Conduct and Ethics

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

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

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

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

Practice 3.2 – Whistle-blowing Policy

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

I. Board Responsibilities (Cont'd)

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

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

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

II. Board Composition

Practice 4.1, 4.2 and Step Up 4.3 – Independent Directors

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

The present Board, comprises Six (6) Directors i.e. One (1) Independent Non-Executive Chairman, Three (3) Non-Independent Non-Executive Directors, two (2) Independent Non-Executive Directors.

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Board Composition (Cont'd)

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

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

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

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

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

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

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

All directors are also provided with updates from time to time by the Company Secretary and auditors on matters relating to Directors' duties and responsibilities, as well as on relevant regulations. The Company Secretary ensures all appointments are properly made and all necessary information required by the new directors for the proper discharge of their duties is obtained. During the financial year, 2 new Directors were appointed and 1 Director (Chairman) resigned.

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Board Composition (Cont'd)

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

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

Practice 4.5 – Gender Diversity

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

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

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

Practice 4.7 – Nomination Committee

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Board Composition (Cont'd)

Practice 4.7 – Nomination Committee (Cont'd)

The TOR of the Nomination Committee are available at the Company's website at <https://www.turiya.com.my>.

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

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

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

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

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

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

- (a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
- (b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Board Composition (Cont'd)

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

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

- (c) The Directors have discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
- (d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
- (e) The Board Chairman had minded the leadership as well as contributed to the Board.
- (f) The performances of the Board Committees were found to be effective.

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

Training Programmes and seminars attended by the Directors of the Company during the financial year ended 31 March 2020 are as follows:

Name of Directors	Training Attended	Date
YM Tunku Dato' Yaacob Khyra	Sustainability	13 January 2020
	Corporate Liability-Section 17A of the MACC Act, 2009	4 February 2020
	Webinar : Data Driven Decision in Integrated Value Creation (IR) for Corporate Directors	3 July 2020
Mr. Jayapalasingam Kandiah	CAANZ-MIC PA Audit Forum 2019: Future of Audit	17 October 2019
	Executive Talk on Integrity	31 October 2019
	Audit Oversight Board Conversation with Audit Committee	8 November 2019
	ISQM Another Tsunami of Changes Auditors	9 November 2019
	MFRS 9, 15 & 16 and Other Updates	29 November 2019
	Stock Count SOP	4 December 2019

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Board Composition (Cont'd)

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

Training Programmes and seminars attended by the Directors of the Company during the financial year ended 31 March 2020 are as follows: (Cont'd)

Name of Directors	Training Attended	Date
En. Mohd Kamal Bin Mohd Zahari	Auditor's Report for Private Entities	29 April 2019
	Real Property Gains Tax, Rental Income, Stamp Duty, Estate and Trust	15 July 2019
	Withholding Tax Essential for Corporate Accountants: Clearing the Myths	16 July 2019
	MFRS 15 Revenue from Contracts Workbook Style	22 July 2019
	Audit Quality Enhancement Programme for SMPs 2019	30 October 2019

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Securities of directors of public listed companies.

During the financial year ended 31 March 2020, Board members attended the briefing conducted by the Company Secretary pertaining to the update on the Listing Requirements and Section 17A of the Malaysian Anti-Corruption Commission Act. In addition, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affect the Group's Financial Statement during the year.

III. Remuneration

Practice 6.1 – Remuneration Policy

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

III. Remuneration (Cont'd)

Practice 6.1 – Remuneration Policy (Cont'd)

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

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

Practice 6.2 – Remuneration Committee

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

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

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

The responsibilities of the Remuneration Committee are as follows:

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

III. Remuneration (Cont'd)

Practice 7.1 – Remuneration of Directors

The Remuneration is responsible for evaluating, deliberating and recommending the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the Company is in. individual Director do not participate in the decisions regarding his/her individual remuneration.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, and after due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act, 2016, fees and any benefits payable to the Directors of a listed Company and its subsidiaries shall be approved in a general meeting.

The details of the Directors' remuneration comprising remuneration received from the Company in the financial year ended 31 March 2020 are as follows:

Group Level

Name of Directors	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Mr. Jayapalasingam Kandiah	59	0	0	0	59
Ms. Usha Nathan	130 *	0	0	0	130 *
Mr. Abdulla Abdulaziz Ali Taleb	0	0	0	0	0
En. Mohd Kamal Bin Mohd Zahari	59	0	0	0	59
Dato' Halim Bin Muhamat	21	0	0	0	0
<i>(Appointed on 26 November 2019)</i>					
<i>(Re-designated as Chairman on 25 August 2020)</i>					
Tunku Dato' Yaacob Khyra	0	0	0	0	0
<i>(Appointed on 26 November 2019)</i>					
Mr. Mohanadass Kanagasabai	38	0	0	0	38
<i>(Resigned on on 10 October 2019)</i>					

* Malaysia RM57,000 and Singapore SGD24,000 (RM72,840)

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

III. Remuneration (Cont'd)

Practice 7.1 – Remuneration of Directors (Cont'd)

Remuneration of Senior Management

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

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

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

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Practice 8.1, 8.4 and 8.5 – Audit Committee

The Audit Committee consists of the following members:

- 1) Mr. Jayapalasingam Kandiah (*Chairman*)
- 2) En. Mohd Kamal Bin Mohd Zahari
- 3) Dato' Halim Bin Muhamat (*Appointed on 26 November 2019*)
(*Re-designated as Chairman on 25 August 2020*)
- 4) Mr. Abdulla Abdulaziz Ali Taleb (*Resigned on 26 November 2019*)

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee (Cont'd)

Practice 8.2 and 8.3 - Oversight of External Auditors

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

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

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

II. Risk Management and Internal Control Framework

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

The Risk Management Committee consists of the following members:

- 1) Mr. Jayapalasingam Kandiah (*Chairman*)
- 2) En. Mohd Kamal Bin Mohd Zahari
- 3) Mr. Abdulla Abdulaziz Ali Taleb (*Appointed on 26 September 2019*)
- 4) Ms. Usha Nathan (*Resigned on 26 September 2019*)

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

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

Practice 9.1, 9.2 and 9.3 – Board Responsibility on Risk Management and Internal Control (Cont'd)

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

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

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

Practice 10.1 and 10.2 – Internal Audit function

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

I. Communication with Stakeholders

Practice 11.1 – Communication with Stakeholders

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Conduct of General Meetings

Practice 12.1 – Notice of General Meeting

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

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

Practice 12.2 – Attendance of Directors at General Meetings

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

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

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

Practice 12.3 – Voting

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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

II. Conduct of General Meetings (Cont'd)

Practice 12.3 – Voting (Cont'd)

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

STATEMENT OF COMPLIANCE WITH THE CODE

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

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

The Act places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2020, the Group has conformed to the appropriate accounting policies and applied them consistently and prudently and that measures have been taken to ensure that the accounting records are properly kept in accordance with the law.

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

The Directors are required by the Companies Act, 2016 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial year ended 31 March 2020. The Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.

The Board has complied most of the recommended practices of the MCCG throughout the financial year, except for the following:

- (a) Step Up Practice 4.3 – To have a policy which limits the tenure of its independent directors to nine years.
- (b) Practice 4.5 – To have a policy on gender diversity, its targets and measures to meet those targets.
- (c) Practice 7.2 – To disclose the top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- (d) Step Up Practice 7.3 – To fully disclose the detailed remuneration of each member of senior management on a named basis.
- (e) Practice 8.4 – The Audit Committee should comprise solely of Independent Directors.
- (f) Practice 11.2 – To adopt integrated reporting based on a globally recognised framework.
- (g) Practice 12.3 – To leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meeting.

This Corporate Governance Overview Statement was approved by the Board on date 25 August 2020.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Board is pleased to outline the state of risk management and internal control of the Group for the financial year ended 31 March 2020 pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB").

2. BOARD'S RESPONSIBILITY

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

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

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

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

3. KEY ELEMENTS OF INTERNAL CONTROLS

(a) Risk Management Framework

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

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

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

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

(b) Internal Audit

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

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

(c) Other Key Elements of Internal Controls

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

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

(d) Review of the Statement By External Auditor

As required by paragraph 15.23 of the Bursa's Listing Requirements, the external auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 March 2020. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their procedures performed, the external auditors have reported that nothing has come to their attention that would cause them to believe that the Statement is not prepared, in all material respect, 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 nor is factually inaccurate.

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

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

RISK MANAGEMENT

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

RESPONSIBILITIES

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

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

The Management reviews its activities to ensure continuous awareness, compliance and follow-up are in place. The Management is constantly updated on the financial reporting to ensure all financial obligations can be met periodically.

GOVERNANCE

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

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

INTERNAL CONTROL IN OPERATING COMPANIES

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

CODE OF BUSINESS CONDUCT

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

SUPERVISION

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

FINANCIAL REPORTING

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

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

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

SUSTAINABILITY STATEMENT

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

EMPLOYEE WELFARE

The Company's welfare for the employees are:

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

ENVIRONMENT

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

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

OVERCOMING COVID-19 PANDEMIC

In overcoming this pandemic problem, Turiya is committed to pursuing the sustainability agenda. Turiya has complied with the guidelines issued by the government to deal with Covid-19.

OUR FUTURE PLANS ON SUSTAINABILITY

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

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally involved in the business of letting properties and property management, investment holding and the provision of management consultancy services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	440,843	(6,683,080)
Attributable to:		
Owners of the Company	454,662	(6,683,080)
Non-controlling interests	(13,819)	-
	440,843	(6,683,080)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2020.

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.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors:

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

Usha Nathan *

Jayapalasingam A/L Kandiah *

Abdulla Abdulaziz Ali Taleb

Mohd Kamal Bin Mohd Zahari

Tunku Dato' Yaacob Khyra

Dato' Halim Bin Muhamat

Mohanadass Kanagasabai

(Appointed on 26 November 2019)

(Appointed on 26 November 2019)

(Resigned on 7 October 2019)

** Directors of the Company and certain subsidiaries*

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

Devadoss Muniyasamy

Shanker Iyer

Sarin Shahadev Mohan Swami

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTEREST

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

	As at 1.4.2019	Number of Ordinary Shares		As at 31.3.2020
		Bought	Sold	
The Company				
Direct Interest				
Jayapalasingam A/L Kandiah	150,800	38,200	-	189,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 26 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

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

DIRECTORS' REPORT (CONT'D)

ULTIMATE HOLDING COMPANY

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO END OF REPORTING PERIOD

Details of significant event during the financial year and subsequent to end of reporting period are disclosed in Note 40 to the financial statements.

AUDITORS' REMUNERATION

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

INDEMNITY TO AUDITORS

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

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

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

DATO' HALIM BIN MUHAMAT

Director

USHA NATHAN

Director

Date: 27 August 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	8,061,921	8,578,294	3,863,162	4,140,018
Right-of-use assets	6	1,535,914	-	-	-
Investment property	7	143,198,106	143,198,106	143,198,106	143,198,106
Subsidiaries	8	-	-	18,137,306	23,310,090
Investment in joint venture	9	1	3	1	-
Intangible assets	10	4,153,431	4,146,003	-	-
		156,949,373	155,922,406	165,198,575	170,648,214
Current assets					
Inventories	11	2,288,023	2,230,672	-	-
Trade receivables	12	2,916,917	2,621,549	325,336	414,829
Other receivables, deposits and prepayments	13	4,942,953	706,843	4,564,591	514,974
Tax recoverable		85	85	85	85
Deposits with licensed bank	14	134,500	132,878	134,501	132,878
Cash and bank balances		1,909,151	1,330,945	572,515	319,337
		12,191,629	7,022,972	5,597,028	1,382,103
Non-current assets classified as held for sale	15	-	12,500,000	-	12,500,000
TOTAL ASSETS		169,141,002	175,445,378	170,795,603	184,530,317

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	280,778,632	280,778,632	280,778,632	280,778,632
Reserves	17	(160,112,993)	(160,012,264)	(153,007,929)	(146,324,849)
		120,665,639	120,766,368	127,770,703	134,453,783
Non-controlling interests		569,028	582,847	-	-
Total equity		121,234,667	121,349,215	127,770,703	134,453,783
Liabilities					
Non-current liabilities					
Deferred tax liabilities	18	2,137,246	2,230,137	1,832,276	1,832,276
Lease liabilities	19	1,522,794	-	-	-
Borrowings	20	33,252,942	38,335,513	33,252,942	38,335,513
Total non-current liabilities		36,912,982	40,565,650	35,085,218	40,167,789
Current liabilities					
Trade payables	21	747,361	443,692	247,071	134,497
Amount due to subsidiaries	8	-	-	756,569	110,163
Other payables and accruals	22	3,642,831	8,552,321	1,929,721	6,984,339
Lease liabilities	19	41,455	-	-	-
Borrowings	20	6,393,872	4,237,641	5,006,321	2,679,746
Tax payable		167,834	296,859	-	-
Total current liabilities		10,993,353	13,530,513	7,939,682	9,908,745
Total liabilities		47,906,335	54,096,163	43,024,900	50,076,534
TOTAL EQUITY AND LIABILITIES		169,141,002	175,445,378	170,795,603	184,530,317

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Revenue	23	18,268,601	20,044,189	4,398,139	4,637,517
Cost of sales	24	(11,020,052)	(11,456,076)	(2,085,787)	(1,812,353)
Gross profit		7,248,549	8,588,113	2,312,352	2,825,164
Other income		1,841,439	668,970	1,203,430	20,815,072
Administrative expenses		(4,772,309)	(4,440,730)	(1,631,076)	(1,630,064)
Selling and distribution expenses		(105,826)	(155,415)	(1,286)	(2,508)
Other expenses		(156,422)	(1,428,067)	(5,175,000)	(3,313,607)
Profit/(Loss) from operations		4,055,431	3,232,871	(3,291,580)	18,694,057
Finance costs		(3,467,749)	(3,677,389)	(3,391,500)	(3,657,294)
Profit/(Loss) before tax	25	587,682	(444,518)	(6,683,080)	15,036,763
Tax expense	27	(146,839)	(368,199)	-	-
Profit/(Loss) for the financial year		440,843	(812,717)	(6,683,080)	15,036,763
Other comprehensive (loss)/income, net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(555,391)	382,167	-	-
		(555,391)	382,167	-	-
Total comprehensive (loss)/income for the financial year		(114,548)	(430,550)	(6,683,080)	15,036,763

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For the Financial Year Ended 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Profit/(Loss) attributable to:					
Owners of the Company		454,662	(1,583,617)	(6,683,080)	15,036,763
Non-controlling interests		(13,819)	770,900	-	-
Profit/(Loss) for the financial year		440,843	(812,717)	(6,683,080)	15,036,763
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(100,729)	(1,852,030)	(6,683,080)	15,036,763
Non-controlling interests		(13,819)	1,421,480	-	-
Total comprehensive (loss)/income for the financial year		(114,548)	(430,550)	(6,683,080)	15,036,763
Basic earnings/(loss) per ordinary share attributable to owners of the Company: (sen per share)					
	28	0.20	(0.69)		
Diluted earnings/(loss) per ordinary share attributable to owners of the Company: (sen per share)					
	28	0.20	(0.69)		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020

Group 2020	Note	Attributable to owners of the Company				
		Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non- Controlling Interests RM
						Total Equity RM
At 1 April 2019						
As previously reported		280,778,632	(22,629,084)	(137,383,180)	120,766,368	582,847
Retrospective adjustment	38	-	26,869,524	(26,869,524)	-	-
Restated balance at 1 April 2019		280,778,632	4,240,440	(164,252,704)	120,766,368	582,847
Comprehensive income						
Profit for the financial year		-	-	454,662	454,662	(13,819)
Other comprehensive income						
Foreign currency translation differences		-	(555,391)	-	(555,391)	-
Total comprehensive income for the financial year		-	(555,391)	454,662	(100,729)	(13,819)
At 31 March 2020		280,778,632	3,685,049	(163,798,042)	120,665,639	569,028

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 March 2020

Group 2019	Attributable to owners of the Company				
	Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non- Controlling Interests RM
At 1 April 2018	280,778,632	4,436,196	(162,596,430)	122,618,398	(838,633)
Comprehensive income					
Loss for the financial year	-	-	(1,583,617)	(1,583,617)	770,900
Other comprehensive income					
Foreign currency translation differences as restated	-	(195,756)	(72,657)	(268,413)	650,580
Total comprehensive income for the financial year as restated	-	(195,756)	(1,656,274)	(1,852,030)	1,421,480
At 31 March 2019	280,778,632	4,240,440	(164,252,704)	120,766,368	582,847
					121,349,215

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the Financial Year Ended 31 March 2020

Company	Share Capital RM	Accumulated Losses RM	Total Equity RM
At 1 April 2018	280,778,632	(161,361,612)	119,417,020
Profit for the financial year, representing total comprehensive income for the financial year	-	15,036,763	15,036,763
At 31 March 2019	280,778,632	(146,324,849)	134,453,783
Loss for the financial year, representing total comprehensive loss for the financial year	-	(6,683,080)	(6,683,080)
At 31 March 2020	280,778,632	(153,007,929)	127,770,703

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2020

Note	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	587,682	(444,518)	(6,683,080)	15,036,763
Depreciation of property, plant and equipment	537,054	541,725	284,001	283,518
Depreciation of right-of-use assets	68,390	-	-	-
Gain on disposal of property, plant and equipment	-	(43,842)	-	(47,499)
Interest expenses	3,467,749	3,677,389	3,391,500	3,657,294
Amount due from subsidiaries written off	-	-	-	284,121
Interest income	(1,158,562)	(8,023)	(1,158,489)	(7,993)
Bad debts written off	10,090	-	-	56
Loss on winding up of subsidiaries	-	428,017	-	-
Other investment written off	-	-	-	2
Property, plant and equipment written off	-	2	-	-
Impairment loss on investment in a subsidiary	-	-	5,175,000	3,000,000
Reversal of impairment losses on amount due from subsidiaries	-	-	-	(20,759,580)
Operating profit before working capital changes	3,512,403	4,150,750	1,008,932	1,446,682
Changes in working capital:				
Payables	394,181	1,249,043	57,956	2,281,968
Receivables	(243,461)	148,746	337,983	(378,946)
Inventories	(57,351)	(76,830)	-	-
Cash generated from operations	3,605,772	5,471,709	1,404,871	3,349,704
Tax paid	(371,242)	(249,642)	-	-
Interest paid	(3,467,749)	(3,677,389)	(3,391,500)	(3,657,294)
Net cash (used in)/from operating activities	(233,219)	1,544,678	(1,986,629)	(307,590)

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 31 March 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,158,562	8,023	1,158,489	7,993
Proceeds from disposal of non-current assets held for sales		3,201,893	-	3,201,893	-
Purchase of property, plant and equipment	5	(11,350)	(8,843)	(7,145)	(4,490)
Proceeds from disposal of property, plant and equipment		-	56,146	-	47,500
(Advances to)/Repayment from subsidiaries		-	-	(2,216)	132,178
Acquisition of joint venture		-	-	(1)	-
Net cash from investing activities		4,349,105	55,326	4,351,020	183,181
CASH FLOWS FROM FINANCING ACTIVITIES					
	(a)				
Repayment to holding company		-	(271,871)	-	(271,871)
Advances from subsidiaries		-	-	646,406	102,386
Payment of finance lease		-	(17,779)	-	-
Payment of lease liabilities		(39,897)	-	-	-
Repayment of term loan		(2,755,996)	(18,343)	(2,755,996)	(18,343)
Net cash used in financing activities		(2,795,893)	(307,993)	(2,109,590)	(187,828)
Net increase/(decrease) in cash and cash equivalents		1,319,993	1,292,011	254,801	(312,237)
Cash and cash equivalents at beginning of the financial year		(94,072)	(1,165,212)	452,215	764,452
Effect of exchange rate fluctuations		(569,821)	(220,871)	-	-
Cash and cash equivalents at the end of the financial year	(b)	656,100	(94,072)	707,016	452,215

STATEMENTS OF CASH FLOWS (CONT'D)

For the Financial Year Ended 31 March 2020

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

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

b. Cash and cash equivalents

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Bank overdrafts	20	(1,387,551)	(1,557,895)	-	-
Deposits with licensed bank	14	134,500	132,878	134,501	132,878
Cash and bank balances		1,909,151	1,330,945	572,515	319,337
		656,100	(94,072)	707,016	452,215

c. Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM109,914.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

The Company is principally involved in the business of letting properties and property management, investment holding and the provision of management consultancy services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 8.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 August 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

New MFRSs

MFRS 16	Leases
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Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty Over Income Tax Treatments
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

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

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a Lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 April 2019. Existing lease contracts that are still effective on 1 April 2019 will be accounted for as lease contracts under MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

MFRS 16 Leases (Cont'd)

Impact of the Adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

(i) Classification and Measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability.

The Group also applied the following practical expedients wherein they:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics;
- (b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months at the date of initial application;
- (c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

MFRS 16 Leases (Cont'd)

Impact of the adoption of MFRS 16 (Cont'd)

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and computer equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as office and computer equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The effects of adoption of MFRS 16 as at 1 April 2019 (increase) are as follows:

	Group Increase RM
Asset	
Non-current asset	
Right-of-use assets	1,601,057
Total non-current asset	1,601,057
Non-current liability	
Lease liabilities	1,494,499
Total non-current liability	1,494,499
Current liability	
Lease liabilities	106,558
Total current liability	106,558
Total liabilities	1,601,057

The incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 April 2019 is 4.48%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

MFRS 16 Leases (Cont'd)

Impact of the Adoption of MFRS 16 (Cont'd)

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 March 2019, as follows:

	Group RM
Asset	
Operating lease commitments as at 31 March 2019	2,748,444
Incremental borrowing rate as at 1 April 2019	4.48%
Discounted operating lease commitments as at 1 April 2019	1,601,057
Lease liabilities as at 1 April 2019	1,601,057

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

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

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 ^{A/} 1 January 2023 [#]
MFRS 3 Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023 [#]
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7 Financial Instruments: Disclosures	1 January 2020/ 1 January 2023 [#]

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

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

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Cont'd)</u>		
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020^/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ The Annual Improvements to MFRS Standards 2018-2020

* Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

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

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

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

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

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

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures

The Malaysian Accounting Standards Board has issued Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7).

The Interest Rate Benchmark Reform amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, entities are not required to apply the MFRS 139 retrospective assessment but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80 – 125% range during the period of uncertainty arising from the reform.

Amendment to MFRS 16 Leases

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

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

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period ; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (Cont'd)

2.4 Functional and Presentation Currency

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

2.5 Basis of Measurement

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

2.6 Use of Estimates and Judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.1 Basis of Consolidation (Cont'd)

(a) *Subsidiaries and Business Combination*

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.1 Basis of Consolidation (Cont'd)

(a) *Subsidiaries and Business Combination (Cont'd)*

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

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

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

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

(b) *Non-controlling Interests*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.1 Basis of Consolidation (Cont'd)

(c) *Joint Arrangements*

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

Joint arrangements are classified and accounted for as follows:

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

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

(d) *Transactions Eliminated on Consolidation*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.2 Separate Financial Statements

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

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

3.3 Foreign Currency Transactions and Operations

(a) *Translation of Foreign Currency Transactions*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.3 Foreign Currency Transactions and Operations (Cont'd)

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

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

(b) Translation of Foreign Operations

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

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

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

3.4 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial Instruments (Cont'd)

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

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

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

(a) Subsequent Measurement

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

(i) Financial Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial Instruments (Cont'd)

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

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

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

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

Debt instruments

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

- **Amortised Cost**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial Instruments (Cont'd)

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

(i) Financial Assets (Cont'd)

Debt instruments (Cont'd)

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

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

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

Equity instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial Instruments (Cont'd)

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

(ii) **Financial Liabilities**

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost

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

(b) **Financial Guarantee Contracts**

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial Instruments (Cont'd)

(b) Financial Guarantee Contracts (Cont'd)

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

(c) Regular Way Purchase or Sale of Financial Assets

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

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

Trade date accounting refers to:

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

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

(d) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Financial Instruments (Cont'd)

(d) Derecognition (Cont'd)

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

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

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

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

(e) Offsetting of Financial Instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.5 Property, Plant and Equipment

(a) Recognition and Measurement

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

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

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

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

(b) Subsequent Costs

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

(c) Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.5 Property, Plant and Equipment (Cont'd)

(c) Depreciation (Cont'd)

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

The principal annual rates used for this purpose are:

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

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

(d) Derecognition

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

3.6 Leases

(a) Definition of Lease

Accounting Policies Applied from 1 April 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.6 Leases (Cont'd)

(a) Definition of Lease (Cont'd)

Accounting Policies Applied until 31 March 2019

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

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

(b) Lessee Accounting

Accounting Policies Applied from 1 April 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

The depreciation period for the current period is as follow:

Leasehold land

30 years

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.6 Leases (Cont'd)

(b) Lessee Accounting (Cont'd)

Accounting Policies Applied from 1 April 2019 (Cont'd)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.6 Leases (Cont'd)

(b) Lessee Accounting (Cont'd)

Accounting Policies Applied from 1 April 2019 (Cont'd)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting Policies Applied until 31 March 2019

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.6 Leases (Cont'd)

(c) *Lessor Accounting*

Accounting Policies Applied from 1 April 2019

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

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sublease as an operating lease.

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

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

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Accounting Policies Applied until 31 March 2019

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.7 Investment Properties

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

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

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

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

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

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

3.8 Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.9 Inventories

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

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

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

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

3.10 Non-current Assets Held for Sale

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.11 Discontinued Operation

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

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

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

3.12 Cash and Cash Equivalents

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

3.13 Impairment of Assets

(a) Impairment of Financial Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.13 Impairment of Assets (Cont'd)

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.13 Impairment of Assets (Cont'd)

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

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

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider; and
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

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

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

(b) *Impairment of Non-Financial Assets*

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, investment properties measured at fair value and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

3.13 Impairment of Assets (Cont'd)

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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

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

3.14 Share Capital

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

3.15 Employee Benefits

(a) Short-term Employee Benefits

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

(b) Defined Contribution Plans

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

3.16 Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.17 Revenue and Other Income

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.17 Revenue and Other Income (Cont'd)

Financing components

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

(a) Sale of Goods

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

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

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

(b) Rental Income

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

(c) Dividend Income

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

(d) Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.18 Borrowing Costs

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

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

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

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

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

3.19 Income Tax

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

(a) Current Tax

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

(b) Deferred Tax

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.19 Income Tax (Cont'd)

(b) Deferred Tax (Cont'd)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.19 Income Tax (Cont'd)

(b) Deferred Tax (Cont'd)

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

(c) Goods and Services Tax

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST.

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

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

(d) Sales and Services Tax

Revenues, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.20 Earnings per Share

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

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

3.21 Operating Segments

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

3.22 Fair Value Measurements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.23 Contingencies

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

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

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

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

3.24 Contract Costs

(a) Recognition and Measurement

Contract costs include costs of obtaining and fulfilling a contract.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.24 Contract Costs (Cont'd)

(b) Amortisation

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

(c) Impairment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.25 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

- (a) Fair value of investment property (Note 7) – The measurement of the fair value of the investment property performed by directors is based on an independent professional valuation with reference to the direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, terrain, size, present market trends and other differences. The directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's and the Company's investment property.
- (b) Impairment of investment in subsidiaries (Note 8) – The Company carried out the impairment test on its investment in subsidiaries based on the value-in-use of the cash generating unit where there is an indication of impairment. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.
- (c) Impairment of goodwill (Note 10) – Judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units. Estimating present value of future cash flows involve uncertainties due to assumptions used and judgement made regarding estimates of future cash flows and discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM	Equipment, tools, plant and machinery RM	Furniture and fittings RM	Motor vehicles RM	Total RM
2020					
Cost					
At 1 April 2019	15,461,066	2,390,096	1,079,769	241,577	19,172,508
Additions	-	7,145	4,205	-	11,350
Written off	-	-	(1,597)	-	(1,597)
Translation difference	16,417	3,189	1,819	405	5,413
At 31 March 2020	15,477,483	2,400,430	1,084,196	241,982	19,204,091
Accumulated depreciation					
At 1 April 2019	7,326,766	2,167,315	1,014,727	85,406	10,594,214
Charge for the financial year	424,847	52,492	36,970	22,745	537,054
Written off	-	-	(1,597)	-	(1,597)
Translation difference	8,366	2,537	1,597	(1)	12,499
At 31 March 2020	7,759,979	2,222,344	1,051,697	108,150	11,142,170
Net carrying amount					
At 31 March 2020	7,717,504	178,086	32,499	133,832	8,061,921

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Analysis of equipment, tools, plant and machinery:

Group 2020	Office machines and equipment RM	Sundry tools and equipment RM	Computer equipment RM	Plant and machinery RM	Total RM
Cost					
At 1 April 2019	377,266	1,374,187	638,643	-	2,390,096
Additions	7,145	-	-	-	7,145
Translation difference	587	2,602	-	-	3,189
At 31 March 2020	384,998	1,376,789	638,643	-	2,400,430
Accumulated depreciation					
At 1 April 2019	294,456	1,235,779	637,080	-	2,167,315
Charge for the financial year	33,439	18,764	289	-	52,492
Translation difference	308	2,229	-	-	2,537
At 31 March 2020	328,203	1,256,772	637,369	-	2,222,344
Net carrying amount					
At 31 March 2020	56,795	120,017	1,274	-	178,086

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Company	Building RM	Office machines and equipment RM	Computer equipment RM	Furniture and fittings RM	Total RM
2020					
Cost					
At 1 April 2019	6,297,734	151,053	623,997	44,999	7,117,783
Additions	-	7,145	-	-	7,145
At 31 March 2020	6,297,734	158,198	623,997	44,999	7,124,928
Accumulated depreciation					
At 1 April 2019	2,190,517	130,909	623,069	33,270	2,977,765
Charge for the financial year	273,814	5,845	289	4,053	284,001
At 31 March 2020	2,464,331	136,754	623,358	37,323	3,261,766
Net carrying amount					
At 31 March 2020	3,833,403	21,444	639	7,676	3,863,162

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

- (a) The buildings of the Group and of the Company have been pledged to licensed banks for banking facilities granted to the Group.
- (b) During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM11,350 (2019: RM8,843) of which are satisfied as follows:

	Group	
	2020 RM	2019 RM
Cash payments	11,350	8,843

6. RIGHT-OF-USE ASSETS

The Group lease a land which has a tenure of 30 years.

Information about leases for which the Group is a lessee is presented below:

Group	Leasehold Land RM
2020	
At cost	
At 1 April 2019	-
Effect of adoption of MFRS 16	1,601,057
Translation difference	2,868
At 31 March 2020	1,603,925
Accumulated depreciation	
At 1 April 2019	-
Charge for the financial year	68,390
Translation difference	(379)
At 31 March 2020	68,011
Net Carrying amount	
At 31 March 2020	1,535,914

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTY

The investment property of the Group and of the Company is the Wisma Chase Perdana. The fair value of the said property as at 31 March 2020 was RM143,198,106 (2019: RM143,198,106). The fair value was arrived at after taking into consideration the valuation conducted by an external independent valuer using either the comparison or income methods.

	Group/Company	
	2020	2019
	RM	RM
At fair value		
At 1 April 2019/2018 and 31 March	143,198,106	143,198,106

The investment property is pledged to a licensed bank for term loan granted to the Company as mentioned in Note 20. Rental income generated from and direct operating expenses incurred on investment property are as follows:

	Group/Company	
	2020	2019
	RM	RM
Rental income	4,398,139	4,637,517
Direct operating expenses – generated rental income	2,085,787	1,812,353

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. SUBSIDIARIES

	Company	
	2020 RM	2019 RM
At cost:		
Unquoted shares	63,289,669	63,289,669
Less: Accumulated impairment losses		
At 1 April 2019/2018	(40,007,172)	(37,007,682)
Addition	(5,175,000)	(3,000,000)
Written off	-	510
At 31 March	(45,182,172)	(40,007,172)
	18,107,497	23,282,497
Amount due from subsidiaries	5,059,027	5,056,811
Less : Allowance for impairment losses		
At 1 April 2019/2018	(5,029,218)	(116,433,542)
Write off	-	90,644,744
Reversal	-	20,759,580
At 31 March	(5,029,218)	(5,029,218)
	29,809	27,593
	18,137,306	23,310,090
Amount due to subsidiaries	756,569	110,163

- (a) The amount due from subsidiaries is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is in substance a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss.
- (b) The directors performed an impairment test for the Company's investment in subsidiaries and amount due from subsidiaries in view of the continuing losses of these subsidiaries. Impairment loss have been provided for investments in certain subsidiaries and amount due from certain subsidiaries which had become inactive or when its recoverable amount less than its carrying amount.
- (c) Included in amount due to subsidiaries is RM756,569 (2019: RM110,163) which is subject to interest at rate of 6.00% (2019: 6.00%) per annum. Amounts due to subsidiaries consist of advances and recoverable expenses which are non-trade in nature, unsecured, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. SUBSIDIARIES (Cont'd)

The particulars of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Effective ownership interest/ voting rights		Principal activities
		2020	2019	
Iconic Global Limited *	Republic of Singapore	75%	75%	Investment holding
Zeal International Holdings Ltd. ç	Republic of Seychelles	100%	100%	Investment holding
Pyramid Manufacturing Industries Pte. Ltd. *	Republic of Singapore	100%	100%	Manufacturing and trading in chemicals

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

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

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

	Iconic Global Limited RM	Total RM
2020		
NCI percentage of ownership interest and voting interest	25%	-
Carrying amount of NCI	569,028	569,028
(Loss) allocated to NCI	(13,819)	(13,819)
Total comprehensive (loss) allocated to NCI	(13,819)	(13,819)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. SUBSIDIARIES (Cont'd)

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

	Iconic Global Limited RM	Amcare Labs International Inc. and its subsidiaries RM	Individually immaterial subsidiaries RM	Total RM
2019				
NCI percentage of ownership interest and voting interest	25%	35%	-	-
Carrying amount of NCI	582,847	-	-	582,847
Profit allocated to NCI	770,900	-	-	770,900
Total comprehensive income allocated to NCI	769,669	(14,682)	666,493	1,421,480

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

	Iconic Global Limited RM	Amcare Labs International Inc. and its subsidiaries RM
2020		
Assets and liabilities		
Current assets	77,423	-
Current liabilities	(1,889,944)	-
Net liabilities	(1,812,521)	-
Results		
Loss for the financial year	(55,186)	-
Total comprehensive loss	(55,186)	-
Cash flows used in operating activities	(57,201)	-
Cash flows from financing activities	58,693	-
Net increase in cash and cash equivalents	1,492	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. SUBSIDIARIES (Cont'd)

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

	Iconic Global Limited RM	Amcare Labs International Inc. and its subsidiaries RM
2019		
Assets and liabilities		
Current assets	75,787	76,045
Current liabilities	(1,830,285)	(5,201,500)
Net (liabilities)/assets	(1,754,498)	(5,125,455)
Results		
Profit/(Loss) for the financial year	3,078,675	(41,948)
Total comprehensive income/(loss)	3,078,675	(41,948)
Cash flows used in operating activities	(46,647)	(63,673)
Cash flows from financing activities	23,282	63,576
Net decrease in cash and cash equivalents	((25,365)	(97)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted share	1	3	1	-

The particulars of the joint venture are as follows:

Group

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest/voting rights		Principle activities
		2020	2019	
Health Invest International Ltd.	British Virgin Islands	50%	50%	Web based electronic medical records

The Group has not recognised losses related to Health Invest International Ltd., totalling RM504,550 (2019: RM Nil) in the current financial year and accumulated losses of RM3,962,760 (2019: RM3,458,210), since the Group has no obligation in respect of these losses.

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

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

Company

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest/voting rights		Principle activities
		2020	2019	
Health Invest International Ltd.	British Virgin Islands	50%	-	Web based electronic medical records

The Company has not recognised losses related to Health Invest International Ltd., totalling RM504,550 (2019: RM Nil) in the current financial year and accumulated losses of RM180,590 (2019: RM Nil), since the Company has no obligation in respect of these losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. INTANGIBLE ASSETS

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

	Group	
	2020 RM	2019 RM
Semi-conductor	4,153,431	4,146,003

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

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

(i) Budgeted gross margin

The budgeted gross margin of 35% (2019: 35%) is based on the directors' expectation of market developments in the industry.

(ii) Discount rate

The pre-tax discount rate used of 10% (2019: 12%) which reflected specific risks of chemical trading and manufacturing of semiconductor equipment segment in the Republic of Singapore.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. INVENTORIES

	Group	
	2020 RM	2019 RM
At cost:		
Finished goods	1,233,508	1,275,474
Raw materials	1,054,515	955,198
	<u>2,288,023</u>	<u>2,230,672</u>

Cost of inventories recognised as expense and included in cost of sales during the financial year amounted to RM8,934,265 (2019: RM9,643,723).

12. TRADE RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables	2,916,917	2,621,549	325,336	414,829

(a) Credit terms of trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2019: 30 to 60 days) terms.

(b) Receivables that are impaired

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

	Group/Company	
	2020 RM	2019 RM
At 1 April 2019/2018	-	889
Written off	-	(889)
At 31 March	<u>-</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Other receivables, deposits and prepayments		16,611,912	11,733,335	4,811,170	761,553
Less : Allowance for impairment losses	(a)	(11,668,959)	(11,026,492)	(246,579)	(246,579)
		4,942,953	706,843	4,564,591	514,974

The other receivables, deposits and prepayments comprise:

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Amount due from:					
– External parties		9,856	9,397	1,473	4,477
– A company in which the Company and a director has financial interest	(b)	38,551	13,649	17,301	13,649
– Joint venture	(b)	76,773	76,242	11,530	10,998
– Related company	(c)	4,303,732	-	4,303,732	-
Deposits		138,933	138,919	131,384	131,384
Prepayments		134,094	360,396	82,352	337,647
GST refundable		73,281	108,240	16,819	16,819
Grant receivables	(d)	167,733	-	-	-
		4,942,953	706,843	4,564,591	514,974

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 April 2019/2018	11,026,492	10,907,779	246,579	246,579
Written off	-	(426,353)	-	-
Translation difference	642,467	545,066	-	-
At 31 March	11,668,959	11,026,492	246,579	246,579

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

- (a) Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties. These receivables are not secured by any collateral or credit enhancements.
- (b) The amounts are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.
- (c) Included in amount due from related company of the Group and of the Company are:
 - (i) An amount of RM4,298,107 (2019:RM Nil) in relation to the disposal of unquoted equity interest in Academic Medical Centre Sdn. Bhd. The balance bears interest at a rate of 8.08% and is repayable with a minimum amount of RM100,000 per month based on the terms as stipulated in the Supplement Share Sale Agreement. The Group will transfer the shares to the related company upon receiving full payment of the balance outstanding.
 - (ii) An amount of RM5,625 (2019:RM Nil) which is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settle in cash.
- (d) Grant receivables relates to Job Support Scheme which was announced by the Republic of Singapore Government.

14. DEPOSITS WITH LICENSED BANK

The deposits with licensed bank of the Group and the Company bear interest at a rate of 2.00% (2019: 1.50%) per annum with maturity period of 1 day (2019: 1 day).

15. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The asset classified as held for sale on the Group's and the Company's statement of financial position as at 31 March 2020 is as follows:

	Group/Company	
	2020	2019
	RM	RM
At cost:		
Other Investments	-	12,500,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

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

In the previous financial year, CPSB has fully paid the 30% initial payment amounting to RM3,750,000. The conditions precedent for the appointment of an independent advisor and calling of Extraordinary General Meeting ("EGM") have been met and the Company had appointed an independent advisor on 11 February 2019.

On 14 August 2019, the Company and CPSB entered into a Supplemental Share Sale Agreement due to variations in terms of the existing SSA.

On 4 March 2020, the shareholders of the Company at the EGM had approved the disposal of investment held by the Company in AMC. The Group and the Company have derecognised the asset classified as held for sale during the financial year as the transaction is deemed completed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2020	2019	2020	2019
	Unit	Unit	RM	RM
Issued and fully paid up:				
At 1 April 2019/2018				
and 31 March	228,728,426	228,728,426	280,778,632	280,778,632

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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

17. RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
	(Restated)			
Foreign currency translation reserve *	3,685,049	4,240,440	-	-
Accumulated losses	(163,798,042)	(164,252,704)	(153,007,929)	(146,324,849)
	(160,112,993)	(160,012,264)	(153,007,929)	(146,324,849)

* These reserves are not available for distribution as dividends.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 April 2019/2018	2,230,137	2,221,597	1,832,276	1,832,276
Recognised in profit or loss (Note 27)	(94,125)	-	-	-
Translation difference	1,234	8,540	-	-
At 31 March	2,137,246	2,230,137	1,832,276	1,832,276

The components and movements of deferred tax liabilities during the financial year are as follows:

	At 1 April 2019 RM	Recognised in profit or loss RM	Other comprehensive income RM	At 31 March 2020 RM
Group				
Deferred tax liabilities				
Property, plant and equipment	397,861	(94,125)	1,234	304,970
Investment property	1,832,276	-	-	1,832,276
	2,230,137	(94,125)	1,234	2,137,246
Company				
Deferred tax liabilities				
Property, plant and equipment		389,321	8,540	397,861
Investment property		1,832,276	-	1,832,276
		2,221,597	8,540	2,230,137

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. DEFERRED TAX LIABILITIES (Cont'd)

The components and movements of deferred tax liabilities during the financial year are as follows: (Cont'd)

	At 1 April 2019 RM	Recognised in profit or loss RM	At 31 March 2019 RM	Recognised in profit or loss RM	At 31 March 2020 RM
Company					
Deferred tax liabilities					
Investment property	1,832,276	-	1,832,276	-	1,832,276
Group/Company					
				2020 RM	2019 RM
Unabsorbed capital allowances				1,799,925	1,790,654
Unutilised tax losses				12,034,785	11,140,098
				13,834,710	12,930,752

The unutilised tax losses are available for offset against future taxable profits of the Group/ Company which will expire in the following financial years:

	Group/Company 2020 RM
2026	11,140,098
2027	894,687
	12,034,785

19. LEASE LIABILITIES

	Group 2020 RM	2019 RM
Non-current		
Lease liabilities	1,522,794	-
Current		
Lease liabilities	41,455	-
	1,564,249	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. LEASE LIABILITIES (Cont'd)

The incremental borrowing rate applied to the lease liabilities was 4.48% per annum.

	Group	
	2020 RM	2019 RM
Future minimum lease payments	2,468,494	-
Less: Future interest charges	(904,245)	-
Total present value of minimum lease payables	1,564,249	-
Current liabilities		
Payable within one year		
Future minimum lease payments	109,306	-
Less: Future interest charges	(67,851)	-
Present value of minimum lease payments	41,455	-
Non-current liabilities		
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	437,224	-
Less: Future interest charges	(251,984)	-
Present value of minimum lease payments	185,240	-
Payable more than 5 years		
Future minimum lease payments	1,921,964	-
Less: Future interest charges	(584,410)	-
Present value of minimum lease payments	1,337,554	-
Total present value of minimum lease payables	1,564,249	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current				
Term loan – secured	33,252,942	38,335,513	33,252,942	38,335,513
Current				
Term loan – secured	5,006,321	2,679,746	5,006,321	2,679,746
Bank overdrafts				
– secured				
– Singapore Dollar	1,387,551	1,557,895	-	-
	6,393,872	4,237,641	5,006,321	2,679,746
	39,646,814	42,573,154	38,259,263	41,015,259

Term loan

The term loan is repayable as follows:

	Company	
	2020 RM	2019 RM
Within 12 months	5,006,321	2,679,746
More than 1 year but up to 2 years	5,439,642	4,917,017
More than 2 years but up to 3 years	5,910,469	5,355,888
More than 3 years but up to 4 years	6,418,443	5,833,930
More than 4 years but up to 5 years	6,977,596	6,350,840
After 5 years	8,506,792	15,877,838
	38,259,263	41,015,259

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

- legal charge over building known as Wisma Chase Perdana, held under lot 51452, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur (Note 5 and 7); and
- deed of assignment over rental proceeds of the 26 strata office units and car parks in Wisma Chase Perdana.

The term loan bear interest at an interest rate of 8.33% (2019: 8.58%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. BORROWINGS (Cont'd)

Bank overdrafts

The bank overdrafts of the Group are secured by:

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

The bank overdrafts bear interest at a rate of 6.00% (2019: 6.00%) per annum.

21. TRADE PAYABLES

The normal trade credit terms granted by the trade payables are generally ranging from 30 to 60 days (2019: 30 to 60 days).

22. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Other payables		1,417,760	1,907,452	373,485	881,848
Deposit received	(a)	-	3,750,000	-	3,750,000
Prepayment received	(b)	-	1,250,000	-	1,250,000
Amount due to related companies	(c)	765,353	501,896	413,768	150,306
Accruals		669,240	463,212	519,723	272,424
Rental and utilities deposits		622,745	679,761	622,745	679,761
Deferred grant income (Note 13)		167,733	-	-	-
		3,642,831	8,552,321	1,929,721	6,984,339

- (a) Deposit and prepayment received in the previous financial year related to deposits and advance payment received by the Company from Chase Perdana Sdn. Bhd. for the disposal of its 2.08% unquoted equity interest in Academic Medical Centre Sdn. Bhd. as disclosed in Note 15.
- (b) Amount due to related companies are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract with customers				
Sale of goods	13,870,462	15,406,672	-	-
Revenue from other sources				
Rental income from investment property	4,398,139	4,637,517	4,398,139	4,637,517
	18,268,601	20,044,189	4,398,139	4,637,517
Timing of revenue recognition				
At a point in time	13,870,462	15,406,672	-	-

Disaggregation of revenue

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

	Semi-conductor RM	Total RM
Group		
2020		
Primary geographical markets		
Singapore	13,870,462	13,870,462
Timing of revenue recognition		
At a point in time	13,870,462	13,870,462
2019		
Primary geographical markets		
Singapore	15,406,672	15,406,672
Timing of revenue recognition		
At a point in time	15,406,672	15,406,672

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE (Cont'd)

Transactions price allocated to the remaining performance obligation

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

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

24. COST OF SALES

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Manufacturing and trading goods	8,934,265	9,643,723	-	-
Direct expenses on investment property	2,085,787	1,812,353	2,085,787	1,812,353
	11,020,052	11,456,076	2,085,787	1,812,353

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax from continuing operations is arrived at after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
– Audit services				
– current financial year	142,581	142,346	94,000	94,000
– (over)/under provision in prior financial year	32,456	(1,640)	32,456	(1,640)
– other services by auditor of the Company	29,629	43,335	29,629	43,335
Depreciation of:				
– Property, plant and equipment	537,054	541,725	284,001	283,518
– Right-of-use assets	68,390	-	-	-
Employee benefits expenses [Note 25(a)]	3,397,732	3,459,313	977,528	1,073,504
Other receivables written off	10,090	-	-	-
Impairment loss on investment in a subsidiary	-	-	5,175,000	3,000,000
Interest expenses				
– bank overdrafts and other bank borrowings	3,397,742	3,677,389	3,346,948	3,523,532
– lease liability	70,017	-	-	-
– others	-	-	44,552	133,762
Research and development expenditure	126,677	160,801	-	-
Non-executive directors' remuneration (Note 26)	307,740	287,934	307,740	287,934
Operating leases:				
– Rental of premises	-	108,680	-	-
Reversal of impairment losses on amount due from subsidiaries	-	-	-	(20,759,580)
Net foreign exchange gain	(97,100)	(50,164)	-	-
Gain on disposal of property, plant and equipment	-	(43,842)	-	(47,499)
Investment in subsidiaries written off	-	-	-	56
Interest income				
– Sale of shares	(1,156,341)	-	(1,156,341)	-
– Short term deposits with licensed banks	(2,206)	(2,728)	(2,148)	(2,698)
– others	-	(5,295)	-	(5,295)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. (LOSS)/PROFIT BEFORE TAX (Cont'd)

(a) Employee benefits expenses

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, bonus and other staff related costs	3,448,690	3,101,767	916,270	994,838
Contributions to defined contribution plans	360,583	357,546	61,258	78,666
Employee benefits expenses	3,809,273	3,459,313	977,528	1,073,504

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM Nil (2019: RM Nil) and RM Nil (2019: RM Nil).

26. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company:				
<u>Non-executive directors</u>				
Fees	218,000	207,303	218,000	207,303
Other emoluments	89,740	80,631	89,740	80,631
	307,740	287,934	307,740	287,934

Director of the subsidiary:

<u>Executive director</u>				
Salaries and other emoluments	497,610	480,502	-	-
Contributions to defined contribution plans	43,805	46,012	-	-
	541,415	526,514	-	-
	849,155	814,448	307,740	287,934

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:				
Current financial year				
Overseas taxation	212,954	265,890	-	-
Prior financial year				
Overseas taxation	28,010	102,309	-	-
	240,964	368,199	-	-
Deferred tax:				
Reversal of temporary differences	(94,125)	-	-	-
Tax expense recognised in profit or loss	146,839	368,199	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. TAX EXPENSE (Cont'd)

The reconciliation from the tax amount at statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	587,682	(444,518)	(6,683,080)	15,036,763
Tax at Malaysian statutory income tax rate of 24%	141,044	(106,684)	(1,603,939)	3,608,823
Effect of different tax rates in foreign jurisdictions	(111,163)	(157,566)	-	-
Non-allowable expenses	63,045	311,082	1,386,989	1,041,962
Deferred tax assets not recognised in the financial statements	216,950	331,515	216,950	331,515
Overseas tax incentive	(98,452)	(107,854)	-	-
Non-taxable income	-	-	-	(4,982,300)
Others	(92,595)	(4,603)	-	-
Current financial year expense	118,829	265,890	-	-
Under provision in prior financial year:				
– current tax	28,010	102,309	-	-
Tax expense	146,839	368,199	-	-

Domestic income tax is calculated at the Malaysian Statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per ordinary share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2020 RM	2019 RM
Profit/(Loss) attributable to owners of the Company (RM)	454,662	(1,583,617)
Weighted average number of ordinary shares for basic earnings/(loss) per share (unit)	228,728,426	228,728,426
Basic earnings/(loss) per ordinary share (sen)	0.20	(0.69)

Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share of the Company for the financial year ended 2020 and 2019 is equal to the basic earnings/(loss) per ordinary share of the Company as there are no potential dilutive ordinary shares in issue.

29. CORPORATE GUARANTEE

	Company	
	2020 RM	2019 RM
Corporate guarantee for credit facility granted to a subsidiary – Pyramid Manufacturing Industries Pte. Ltd.	1,387,551	1,557,895

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Total future minimum lease payments under non-cancellable operating lease in relation to the leasehold land of the Group is as follow:

	Group	
	2020 RM	2019 RM
Payable within 1 year	-	116,748
Payable after 1 year but not later than 5 years	-	466,993
Payable after 5 years	-	2,164,703
	-	2,748,444

The above operating lease run for a period of 30 years.

31. RELATED PARTY DISCLOSURES

(a) Identity of related party

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries, joint venture, key management personnel, holding company, related company, related parties and persons connected to directors. Related company refers to subsidiaries of holding company. Related parties refer to companies in which certain directors of the Company have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. RELATED PARTY DISCLOSURES (Cont'd)

(b) Related party transactions and balances

In addition to the transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group/Company	
	2020	2019
	RM	RM
Transactions with related company		
Chase Perdana Sdn. Bhd. ("CPSB") (The Company and CPSB have a common holding company)		
– Contract work paid/payable	481,185	151,269
– Disposal of unquoted equity interest in Academic Medical Centre Sdn. Bhd.	12,500,000	-
– Rental of office received/receivable	240,624	240,624
– Interest income received/receivable	1,156,341	-
	Company	
	2020	2019
	RM	RM
Transactions with subsidiary		
Pyramid Manufacturing Industries Pte. Ltd.		
– Interest paid/payable	44,552	133,762

Information on related party balances are disclosed in Notes 8, 13 and 22.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. RELATED PARTY DISCLOSURES (Cont'd)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling activities of the entity, including directors of the Group and of the Company.

The remuneration of the key management personnel (including directors) are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries and other employee benefits	829,350	819,885	331,740	339,383
Contributions to defined contribution plans	44,705	46,012	900	-
	874,065	865,897	332,640	339,383

Included in the key management personnel compensation are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors				
Directors' remuneration and fees of the Company	307,740	287,934	307,740	287,934
Directors' remuneration of subsidiaries	541,415	526,514	-	-
	849,155	814,448	307,740	287,934
Other key management personnel				
Salaries and other emoluments	24,000	51,449	24,000	51,449
Contributions to defined contribution plans	900	-	900	-
	24,900	51,449	24,900	51,449

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under MFRS 8 are as follows:

Investment holding	Investment holding and provision of management consultancy services.
Investment property	Rental of office lots.
Semi-conductor	Manufacturing industrial machineries, chemicals trading.
Health care	Provision of medical laboratory management and testing.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment result represents profit before tax, interest income and finance cost of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in joint venture, deferred tax assets and current tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities, borrowings and deferred tax liabilities.

Information about major customers

For semi-conductor segment, revenue from three customers represented approximately RM8,322,000 (2019: RM Nil) for the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (Cont'd)

(a) Segment revenue and results

2020	Investment holding and others RM	Investment property RM	Semi- conductor RM	Health care RM	Total RM	Eliminations RM	Consolidated RM
REVENUE							
External revenue	-	4,398,139	13,870,462	-	18,268,601	-	18,268,601
Intersegment revenue	-	-	-	-	-	-	-
Total revenue	-	4,398,139	13,870,462	-	18,268,601	-	18,268,601
RESULTS							
Segment results	(1,128,648)	2,312,351	1,713,181	-	2,896,884		2,896,884
Interest income	1,158,489	-	58	-	1,158,547		1,158,547
Profit from operations	-	(3,346,948)	(120,801)	-	4,055,431		4,055,431
Finance costs	-	-	-	-	(3,467,749)		(3,467,749)
Profit before tax	-	-	-	-	587,682		587,682
Tax expense	-	-	-	-	(146,839)		(146,839)
Profit for the financial year	-	-	-	-	440,843		440,843
Non-controlling interests	-	-	-	-	13,819		13,819
Profit attributable to owners of the Company	-	-	-	-	454,662		454,662

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (Cont'd)

(a) Segment revenue and results (Cont'd)

2019	Investment holding and others RM	Investment property RM	Semi-conductor RM	Health care RM	Total Eliminations RM	Consolidated RM
REVENUE						
External revenue	-	4,637,517	15,406,672	-	20,044,189	20,044,189
Intersegment revenue	-	-	-	-	-	-
Total revenue	-	4,637,517	15,406,672	-	20,044,189	20,044,189
RESULTS						
Segment results	143,292,334	2,637,929	(11,900,409)	(41,948)	133,987,906	3,224,848
Interest income	8,011	-	12	-	8,023	8,023
Profit from operations						3,232,871
Finance costs	-	(3,657,294)	(153,857)	-	133,762	(3,677,389)
Loss before tax						(444,518)
Tax expense					130,184,778	(368,199)
Loss for the financial year						(812,717)
Non-controlling interests					129,816,579	(770,900)
Loss attributable to owners of the Company						(1,583,617)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (Cont'd)

(b) Segment assets and liabilities

2020	Investment holding and others RM	Investment property RM	Semi-conductor RM	Health care RM	Total Eliminations RM	Consolidated RM
Segment assets representing consolidated total assets	13,777,541	143,198,106	12,165,355	-	169,141,002	169,141,002
Segment liabilities	3,532,028	-	1,025,998	-	4,558,026	4,558,026
Borrowings	-	38,259,263	1,387,551	-	39,646,814	39,646,814
Lease liabilities	-	-	1,564,249	-	1,564,249	1,564,249
Deferred tax liabilities	-	1,832,276	304,970	-	2,137,246	2,137,246
Consolidated total liabilities	3,532,028	40,091,539	4,282,768	-	47,906,335	47,906,335
OTHER INFORMATION						
Depreciation of property, plant and equipment	284,001	-	253,053	-	537,054	537,054
Depreciation of right-of-use assets	-	-	68,390	-	68,390	68,390
Additions to non-current assets other than financial instruments and deferred tax assets:						
Additions to property, plant and equipment, and investment property	7,145	-	4,205	-	11,350	11,350

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (Cont'd)

(b) Segment assets and liabilities (Cont'd)

2019	Investment holding and others RM	Investment property RM	Semi-conductor RM	Health care RM	Total Eliminations RM	Consolidated RM
Segment assets representing consolidated total assets	22,216,872	143,198,106	9,954,613	75,787	175,445,378	- 175,445,378
Segment liabilities	8,364,270	-	903,630	24,972	9,292,872	- 9,292,872
Borrowings	-	41,015,259	1,557,895	-	42,573,154	- 42,573,154
Deferred tax liabilities	-	1,832,276	397,861	-	2,230,137	- 2,230,137
Consolidated total liabilities	8,364,270	42,847,535	2,859,386	24,972	54,096,163	- 54,096,163
OTHER INFORMATION						
Depreciation of property, plant and equipment	283,518	-	258,207	-	541,725	- 541,725
<u>Additions to non-current assets other than financial instruments and deferred tax assets:</u>						
Additions to property, plant and equipment and investment property	4,490	-	4,353	-	8,843	- 8,843

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. SEGMENT INFORMATION (Cont'd)

(c) Geographical information

Revenue information based on the geographical location of customers and non-current assets analysed by geographical location of the assets are as follows:

	Malaysia RM	Singapore RM	Total RM	Consolidated RM
2020				
Revenue	4,398,139	13,870,462	18,268,601	18,268,601
Non-current assets *	151,214,699	5,734,673	156,949,372	156,949,372
2019				
Revenue	4,637,517	15,406,672	20,044,189	20,044,189
Non-current assets *	151,484,127	4,438,276	155,922,403	155,922,403

* Excluding financial assets and deferred tax assets.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risks, and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the division heads and heads of departments within the Group and the Company. The Audit Committee provides independent oversight to the effectiveness of risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate relates to interest bearing financial assets and liabilities.

Interest bearing financial assets include fixed deposits with licensed banks which are placed for better yield returns than cash at banks. The deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk.

The Group's interest bearing financial liabilities comprise bank overdrafts and term loan. The bank overdrafts and term loan totalling RM39,646,814 (2019: RM42,573,154) at floating rate expose the Group to cash flow interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, an increase/decrease of 50 (2019: 50) basis points in interest rate, with all other variables held constant, the Group's profit net of tax would increase or decrease by approximately RM151,200 (2019: RM162,400), arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings.

(b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an individual credit limit.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit risk (Cont'd)

Trade receivables (Cont'd)

Credit risk concentration profile

At the reporting date, approximately 51% (2019: Nil) of the gross trade receivables of the Group were from three (2019: Nil) customers.

The Group determines concentration of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

	Group	
	2020 RM	2019 RM
By country		
Republic of Singapore	2,591,581	2,206,720
Malaysia	325,336	414,829
	<u>2,916,917</u>	<u>2,621,549</u>

The Group applies the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The Group also individually assessed ECL of individual customers based on indicators such as changes in financial capability of the receivables, payment trends of the receivable and default or significant delay in payments. The determination of expected credit losses also incorporates forward looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit risk (Cont'd)

Trade receivables (Cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables using provision matrix are as follows:

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
2020			
Current	2,160,913	-	2,160,913
1 to 30 days past due	539,137	-	539,137
31 to 60 days past due	212,792	-	212,792
61 to 90 days past due	4,075	-	4,075
	2,916,917	-	2,916,917
2019			
Current	1,826,101	-	1,826,101
1 to 30 days past due	100,478	-	100,478
31 to 60 days past due	655,844	-	655,844
61 to 90 days past due	10,979	-	10,979
91 to 120 days past due	28,147	-	28,147
	2,621,549	-	2,621,549

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit risk (Cont'd)

Trade receivables (Cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables using provision matrix are as follows: (Cont'd)

Company	Gross carrying amount RM	ECL allowance RM	Net balance RM
2020			
Current	268,303	-	268,303
1 to 30 days past due	52,880	-	52,880
31 to 60 days past due	78	-	78
61 to 90 days past due	4,075	-	4,075
	325,336	-	325,336
2019			
Current	309,626	-	309,626
1 to 30 days past due	100,478	-	100,478
31 to 60 days past due	-	-	-
61 to 90 days past due	4,725	-	4,725
	414,829	-	414,829

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including deposits with licensed bank, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.13(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Other than the credit-impaired other receivables, the Group and the Company consider the other financial assets as at 31 March 2020 to have low credit risk and the expected credit loss is negligible. The reconciliation of loss allowance for other receivables as at 31 March 2020 is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit risk (Cont'd)

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM1,387,551 (2019: RM1,557,895) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 29. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiary's secured borrowing.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Liquidity risk (cont'd)

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

Group	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
31 March 2020						
<u>Financial liabilities:</u>						
Trade payables	747,361	747,361	747,361	-	-	-
Other payables and accruals	3,642,831	3,642,831	3,642,831	-	-	-
Lease liabilities	1,564,249	2,468,494	109,306	109,306	327,918	1,921,964
Borrowings	39,646,814	50,237,442	9,374,187	7,986,636	23,959,908	8,916,711
	45,601,255	57,096,128	13,873,685	8,095,942	24,287,826	10,838,675
31 March 2019						
<u>Financial liabilities:</u>						
Trade payables	443,692	443,692	443,692	-	-	-
Other payables and accruals	8,552,321	8,552,321	8,552,321	-	-	-
Borrowings	42,573,154	61,971,306	7,687,208	7,994,964	23,984,892	22,304,242
	51,569,167	70,967,319	16,683,221	7,994,964	23,984,892	22,304,242

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations: (Cont'd)

Company	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
31 March 2020						
<u>Financial liabilities:</u>						
Trade payables	247,071	247,071	247,071	-	-	-
Other payables and accruals	1,929,721	1,929,721	1,929,721	-	-	-
Amount due to subsidiaries	756,569	756,569	756,569	-	-	-
Borrowings	38,259,263	48,849,891	7,986,636	7,986,636	23,959,908	8,916,711
	41,192,624	51,783,252	10,919,997	7,986,636	23,959,908	8,916,711
31 March 2019						
<u>Financial liabilities:</u>						
Trade payables	134,497	134,497	134,497	-	-	-
Other payables and accruals	6,984,339	6,984,339	6,984,339	-	-	-
Amount due to subsidiaries	110,163	110,163	110,163	-	-	-
Borrowings	41,015,259	60,413,411	6,129,313	7,994,964	23,984,892	22,304,242
	48,244,258	67,642,410	13,358,312	7,994,964	23,984,892	22,304,242

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group, primarily Ringgit Malaysia and Singapore Dollar ("SGD"). The foreign currency in which these transactions are denominated is mainly in United States Dollar ("USD"). The Company has advances from its subsidiary denominated in Singapore Dollar ("SGD").

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in Singapore is not hedged as currency positions in SGD is considered to be long-term in nature.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group's foreign currency exposure profiles are as follows:

	USD RM	Total RM
2020		
<u>Financial assets</u>		
Cash and cash equivalents	1,222,082	1,222,082
Trade and other receivables	1,213,622	1,213,622
	2,435,704	2,435,704
<u>Financial liability</u>		
Trade payables	(454,842)	(454,842)
Currency exposure on net financial assets	1,980,862	1,980,862

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Foreign currency risk (Cont'd)

	USD RM	Total RM
2019		
<u>Financial assets</u>		
Cash and cash equivalents	891,022	891,022
Trade and other receivables	1,208,805	1,208,805
	<u>2,099,827</u>	<u>2,099,827</u>
<u>Financial liabilities</u>		
Trade payables	(277,029)	(277,029)
Currency exposure on net financial assets	<u>1,822,798</u>	<u>1,822,798</u>

The Company's foreign currency exposure profiles is as follows:

	SGD RM	Total RM
2020		
<u>Financial liabilities</u>		
Amount due to a subsidiary, represent currency exposure on net financial assets	(756,569)	(756,569)
2019		
<u>Financial liabilities</u>		
Amount due to a subsidiary, represent currency exposure on net financial assets	(110,163)	(110,163)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The table below demonstrates the sensitivity to a reasonable change in key foreign currency rate with all variables held constant, of the Group's and of the Company's profit/(loss) net of tax ("PAT")/("LAT").

	Increase/(Decrease)	
	2020	2019
	RM	RM
	PAT	LAT
Group		
USD/SGD		
– weakened 5% (2019: 3%)	(82,206)	45,388
– strengthen 5% (2019: 3%)	82,206	(45,388)
	Increase/(Decrease)	
	2020	2019
	RM	RM
	LAT	PAT
Company		
SGD/RM		
– weakened 2% (2019: 2%)	(11,500)	1,674
– strengthen 2% (2019: 2%)	11,500	(1,674)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS

Classification of financial instruments

The following table analyses the financial instruments in the statements of financial position by classes of financial instruments to which they are assigned:

(i) Amortised cost ("AC")

	AC RM	Total RM
Group 2020		
Financial assets		
Trade receivables	2,916,917	2,916,917
Other receivables and deposits *	4,735,578	4,735,578
Deposits with licensed bank	134,500	134,500
Cash and bank balances	1,909,151	1,909,151
	9,696,146	9,696,146
Financial liabilities		
Trade payables	747,361	747,361
Other payables and accruals	3,642,831	3,642,831
Lease liabilities	1,564,249	1,564,249
Borrowings	39,646,814	39,646,814
	45,601,255	45,601,255
2019		
Financial assets		
Trade receivables	2,621,549	2,621,549
Other receivables and deposits *	238,207	238,207
Deposits with licensed bank	132,878	132,878
Cash and bank balances	1,330,945	1,330,945
	4,323,579	4,323,579
Financial liabilities		
Trade payables	443,692	443,692
Other payables and accruals	8,552,321	8,552,321
Borrowings	42,573,154	42,573,154
	51,569,167	51,569,167

* Excluding prepayments and GST refundable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (Cont'd)

Classification of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by classes of financial instruments to which they are assigned: (Cont'd)

(i) Amortised cost ("AC") (Cont'd)

	AC RM	Total RM
Company		
2020		
Financial assets		
Trade receivables	325,336	325,336
Other receivables and deposits *	4,465,420	4,465,420
Deposits with licensed bank	134,501	134,501
Cash and bank balances	572,515	572,515
	5,497,772	5,497,772
Financial liabilities		
Trade payables	247,071	247,071
Amount due to subsidiaries	756,569	756,569
Other payables and accruals	1,929,721	1,929,721
Borrowings	38,259,263	38,259,263
	41,192,624	41,192,624
2019		
Financial assets		
Trade receivables	414,829	414,829
Other receivables and deposits *	160,508	160,508
Deposits with licensed bank	132,878	132,878
Cash and bank balances	319,337	319,337
	1,027,552	1,027,552
Financial liabilities		
Trade payables	134,497	134,497
Amount due to subsidiary	110,163	110,163
Other payables and accruals	6,984,339	6,984,339
Borrowings	41,015,259	41,015,259
	48,244,258	48,244,258

* Excluding prepayments and GST refundable

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

(b) Borrowings

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

The carrying amount of long-term floating rate loan approximates fair value as the loans will be re-priced to market interest rate on or near reporting date.

36. FAIR VALUE HIERARCHY

The following table provides the fair value measurement of the Group's assets and liabilities as at 31 March:

Assets measured at fair value

Group/Company

	2020 RM	Fair value measurement using		
		Level 1 RM	Level 2 RM	Level 3 RM
Investment property (Note 7)	143,198,106	-	-	143,198,106
	2019 RM	Level 1 RM	Level 2 RM	Level 3 RM
Investment property (Note 7)	143,198,106	-	-	143,198,106

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36 . FAIR VALUE HIERARCHY (Cont'd)

In the current financial year, a valuation was performed in June 2020 and the directors have exercised judgement that there is no significant change in value at the reporting date.

Description of valuation technique used and key unobservable inputs to valuation on investment property measured at Level 3 is as follows:

Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs and fair value
2020		
Comparison method	Estimated price per square foot of RM610	The higher the estimated price per square foot, the higher the fair value
2019		
Comparison method	Estimated price per square foot of RM610	The higher the estimated price per square foot, the higher the fair value

Policy on transfer between levels

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

During the financial year ended 31 March 2020 and 31 March 2019, there was no transfer between the fair value measurement hierarchy.

37. CAPITAL COMMITMENT

	Group/Company	
	2020 RM	2019 RM
Capital expenditures approved and contracted for:		
– investment property	1,123,985	1,605,169

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. COMPARATIVE FIGURES

During the financial year, the Group noted error in the previous financial year affecting the reserves of the Group. Accordingly, adjustments have been made to restate the financial statements of the Group for the financial year ended 31 March 2019. The details are as follows:

Group	At previously reported RM	Adjustments RM	As restated RM
For the financial year ended 31 March 2019			
Consolidated statement of comprehensive income			
Loss for the financial year	(812,717)	-	(812,717)
Other comprehensive loss, net of tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(98,702)	480,869	382,167
Total comprehensive loss for the financial year	(911,419)	480,869	(430,550)
Total comprehensive loss attributable to:			
Owners of the Company	(2,332,899)	480,869	(1,852,030)
Non-controlling interests	1,421,480	-	1,421,480
Total comprehensive loss loss for the financial year	(911,419)	480,869	(430,550)
As at 31 March 2019			
Reserves (Note 17)			
Foreign currency translation reserve	(22,629,084)	26,869,524	4,240,440
Accumulated losses	(137,383,180)	(26,869,524)	(164,252,704)

A third consolidated statement of financial position as at 1 April 2018 is not presented as the restatement does not affect the information in the consolidated statement of financial position as at 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2020 and 31 March 2019.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total net debts divided by total equity. Net debts is calculated as total debts (loans and borrowings) less cash and bank balances. Total equity is calculated as share capital plus reserves and non-controlling interests. The Group's and the Company's gearing ratios as at the reporting date are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Borrowings	39,646,814	42,573,154	38,259,263	41,015,259
Less: Deposits, cash and bank balances	(2,043,651)	(1,463,823)	(707,016)	(452,215)
Net debts	37,603,163	41,109,331	37,552,247	40,563,044
Total equity	121,234,667	121,349,215	127,770,703	134,453,783
Gearing ratio	0.31	0.34	0.29	0.30

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO END OF REPORTING PERIOD

Coronavirus Outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed assessments the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2020.

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **DATO' HALIM BIN MUHAMAT** and **USHA NATHAN**, being two of the directors of TURIYA BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 51 to 161 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

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

DATO' HALIM BIN MUHAMAT

Director

USHA NATHAN

Director

Date: 27 August 2020

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **SANI AZMAN BIN MD HANAFIAH**, being the officer primarily responsible for the financial management of TURIYA BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 51 to 161 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

SANI AZMAN BIN MD HANAFIAH

MIA Membership No.: 22376

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 August 2020.

Before me,

BALOO T. PICHAI (W663)

Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

To The Members of Turiya Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Turiya Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)**Group****Investment property (Notes 4(a) and 7 to the financial statements)**

As at 31 March 2020, the investment property of the Group and the Company amounts to RM143.198 million. The Group's investment property is measured at fair value. The Group determined the fair value of the investment property based on the market valuation performed by an external independent valuer. We focused on this area because the determination of fair value by the Group requires judgement in determining the valuation methods and its related key assumptions.

Our response:

Our audit procedures included, among others:

- considering the competency, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- reading the valuation report of the property and discussing with the external valuers on their valuation methodology and the judgements made; and
- understanding the valuation methodology used and its related key assumptions.

Goodwill (Notes 4(c) and 10 to the financial statements)

As at 31 March 2020, the Group has goodwill of RM4.153 million arising from the acquisition of a subsidiary. The goodwill is tested for impairment annually. We focused on this area because this assessment requires the exercise of judgement by the Group on the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Key Audit Matters (Cont'd)**Company****Investment in subsidiaries (Note 4(b) and 8(b) to the financial statements)**

As at 31 March 2020, the carrying value of the investment in subsidiaries of the Company amounts to RM18.107 million.

We focused on this area because the determination of indication of impairment and assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiary was determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous cash flow projections to assess the performance of the business and historical accuracy of the projections;
- comparing the Company's assumptions to externally derived data as well as our assessments in relation to key assumptions; and
- testing the mathematical accuracy of the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
-

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan

03264/04/2021 J
Chartered Accountant

Kuala Lumpur

Date: 27 August 2020

LIST OF PROPERTIES

AS AT 31 MARCH 2020

Address	Description of Property	Existing Use	Tenure	Land Area (sq. ft.)	Approx. Age of buildings (Years)	Net Carrying Amount (RM)	Date of Valuation/ Acquisition
Turiya Berhad Wisma Chase Perdana Changkat Semantan Damansara Heights 50490 Kuala Lumpur	Freehold and office building	Office	Freehold 100 years	241,803	35	147,031,509	15 June 2020 (Valuation)
Pyramid Manufacturing Industries Pte. Ltd. 87 Tuas Avenue 1 Singapore 639519	Leasehold land and buildings	Office and Factory	Leasehold (30 + 30 yrs lease expiring 2042)	24,994	38	3,884,101	16 October 1982 (Acquisition)
TOTAL						150,915,610	

LOCATION OF OPERATIONS

FACTORY/PLANT

PYRAMID MANUFACTURING INDUSTRIES PTE. LTD.

- **SINGAPORE**

No. 87, Tuas Avenue 1
Singapore 639519.
Tel : 65-6862 1900
Fax: 65-6861 5418/
6863 1733

BRANCHES/SALES OFFICES

ICONIC GLOBAL LIMITED

- **SINGAPORE**

No. 87, Tuas Avenue 1
Singapore 639519.
Tel : 65-6862 1900
Fax: 65-6861 5418/
65-6863 1733

PYRAMID MANUFACTURING INDUSTRIES PTE. LTD.

- **SINGAPORE**

No. 87, Tuas Avenue 1
Singapore 639519.
Tel : 65-6862 1900
Fax: 65-6861 5418/
65-6863 1733

ANALYSIS OF SHAREHOLDINGS (ORDINARY SHARES)

AS AT 3 AUGUST 2020

SHARE CAPITAL FOR ORDINARY SHARES

Issued and Paid-Up Share Capital	:	RM228,728,426.00
Class of Securities	:	Ordinary Shares
Voting Rights	:	On a poll, one vote per ordinary share held

DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

Size of Holdings	No. of Shareholders	(%)	Total Shareholdings	(%)
Less than 100	93	2.43	2,550	0.00
100 – 1,000	1,405	36.74	1,228,308	0.54
1,001 – 10,000	1,837	48.04	7,366,919	3.22
10,001 – 100,000	417	10.91	12,872,299	5.63
100,001 – 11,436,411 *	70	1.83	58,606,853	25.62
11,436,412 and above **	2	0.05	148,651,497	64.99
Total	3,824	100.00	228,728,426	100.00

* Less than 5% of issued ordinary shares

** 5% and above of issued ordinary shares

THIRTY LARGEST ORDINARY SHAREHOLDERS

(As per Record of Depositors)

Name of Shareholders/Depositors	No. of Shares Held	% of Issued Shares
1. *Maybank Nominees (Asing) Sdn Bhd <i>Ithmaar Bank B.S.C.</i>	116,651,497	51.00
2. *Maybank Nominees (Asing) Sdn Bhd <i>Ithmaar Bank for Empire Holdings Limited (988122)</i>	32,000,000	13.99
3. Sekarajasekaran A/L Arasaratnam	10,407,300	4.55
4. Rabindra A/L Harichandra	9,027,900	3.95
5. Chelliah Holdings Sdn Bhd	6,000,000	2.62
6. Chief Minister, State of Sabah	6,000,000	2.62
7. Public Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Chelliah Holdings Sdn Bhd (SRB/PDN/PMS)]</i>	4,912,600	2.15
8. Empire Holdings Ltd	3,833,590	1.68
9. Public Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Cheng Lin Chin (E-BPT)]</i>	1,259,800	0.55
10. Subramaniam Pillai A/L Sankaran Pillai	1,095,000	0.48

ANALYSIS OF SHAREHOLDINGS (ORDINARY SHARES) (CONT'D)

AS AT 3 AUGUST 2020

THIRTY LARGEST ORDINARY SHAREHOLDERS (Cont'd)

(As per Record of Depositors)

Name of Shareholders/Depositors	No. of Shares Held	% of Issued Shares
11. Kenanga Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Teh Siew Wah (021)]</i>	1,030,000	0.45
12. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Ng Geok Wah (B Brklang-CL)]</i>	1,000,000	0.44
13. Yeoh Kean Choong	871,600	0.38
14. Citigroup Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Vijaya Alphonsus Rajadurai (471247)]</i>	853,800	0.37
15. PM Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Khoo Yee Tat (B)]</i>	741,300	0.32
16. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Khor Hoi Peng (Penang-CL)]</i>	602,800	0.26
17. Arasalingam A/L Sangarapillai	451,000	0.20
18. Lim Swee Ing	432,000	0.19
19. Mohamed Idris Mohamed Aslam	400,000	0.17
20. Ang Chun Bock	399,000	0.17
21. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Ng Lim Diing (Penang-CL)]</i>	384,400	0.17
22. Ooi Say Hup	359,000	0.16
23. Khor Hoe Guan	335,000	0.15
24. Ooi Say Hup	332,500	0.15
25. Maybank Securities Nominees (Tempatan) Sdn Bhd <i>[Chua Eng Ho Wa'a @ Chua Eng Wah]</i>	320,000	0.14
26. Pang Kok Eng	280,000	0.12
27. Maybank Nominees (Tempatan) Sdn Bhd <i>[Pledged Securities Account for Sekarajasekaran A/L Arasaratnam]</i>	271,700	0.12
28. Ang Chuan Bock	250,000	0.11
29. Tan Gaik Suan	246,000	0.11
30. Wong Yuen Choong	243,000	0.11
Total	200,990,387	87.88

* Maybank Nominees (Asing) Sdn. Bhd. – Ithmaar Bank B.S.C. holds 116,651,497 Turiya Berhad's shares on behalf of Empire Holdings Ltd as a chargee.

ANALYSIS OF SHAREHOLDINGS (ORDINARY SHARES) (CONT'D)

AS AT 3 AUGUST 2020

SUBSTANTIAL ORDINARY SHAREHOLDERS

(As per Register of Substantial Shareholders and Excluding Bare Trustee)

Name of Substantial Ordinary Shareholders	No. of Shares Direct Interest	%	No. of Shares Indirect Interest	%
1. Ithmaar Bank of B.S.C.	* 116,651,497 ^(a)	51.00	-	-
2. Empire Holdings Ltd ("EHL")	* 152,485,087 ^(b)	66.67	-	-
3. Tan Sri Datuk Dr. Mohan Swami, J.P. ("TSDDMS")	-	-	* 152,485,087 ^(c)	66.67
4. Rabindra A/L Harichandra ("RH")	9,027,900	3.95	10,912,600 ^(d)	4.77

DIRECTORS' INTERESTS IN ORDINARY SHARES

(As per Register of Directors' Shareholdings)

Name of Directors	No. of Shares Direct Interest	%	No. of Shares Indirect Interest	%
1. Dato' Halim Bin Muhamat	-	-	-	-
2. YM Tunku Dato' Yaacob Khyra	-	-	-	-
3. Ms. Usha Nathan	-	-	-	-
4. Mr. Jayapalasingam Kandiah	250,800	0.11	-	-
5. Mr. Abdulla Abdulaziz Ali Taleb	-	-	-	-
6. En. Mohd Kamal Bin Mohd Zahari	-	-	-	-

* Notes:

^(a) Direct Interest of Ithmaar Bank of B.S.C. (A nominee of Ithmaar Development Company Limited ("IDC") pursuant to the Shares Charge created by EHL in favour of IDC) is held as follows:

116,651,497 shares held through Maybank Nominees (Asing) Sdn. Bhd.

^(b) Direct Interest of EHL is held as follows:

35,833,590 shares held under EHL ; and 116,651,497 shares held through Maybank Nominees (Asing) Sdn. Bhd. for Ithmaar Bank of B.S.C. (Beneficiary: EHL)

^(c) Indirect Interest of TSDDMS is held as follows:

Deemed interests in 152,485,087 shares by virtue that EHL is wholly owned by TSDDMS.

^(d) Indirect Interest of RH is held as follows:

Deemed interests in 10,912,600 shares by virtue of RH's substantial shareholding in Chelliah Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

(IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES)

SHARE CAPITAL FOR IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Authorized Capital	:	RM50,000,000.00
Issued and Paid-Up Share Capital	:	Nil
Class of Securities	:	ICPS of RM1.00 each
Voting Rights	:	No voting rights

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standard of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standard.

ADDITIONAL COMPLIANCE INFORMATION

The following is provided in compliance with the MMLR of BMSB:

- **Utilisation of Proceeds**

There were no proceeds raised from any corporate exercises during the financial year ended 31 March 2020.

- **Share Buyback**

There was no share buyback exercise undertaken by the Company during the financial year ended 31 March 2020.

- **Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued during the financial year ended 31 March 2020.

- **American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")**

The Company has not sponsored any ADR or GDR programme during the financial year ended 31 March 2020.

- **Sanction and/or Penalty Imposed**

There was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 March 2020.

- **Non-Audit Fees**

During the financial year ended 31 March 2020, there is RM36,683 non-audit fees paid to the external auditors.

- **Profit Guarantee**

The Company did not provide any profit guarantee during the financial year ended 31 March 2020.

COMPLIANCE STATEMENT (CONT'D)

- **Variation in Results**

The Audited Financial Statements of the Company for the financial year ended 31 March 2020 contained in this Annual Report do not have material variance compared with the Quarterly Results of the Group that was announced to BMSB on 31 May 2020.

- **Material Contracts Involving Directors and Substantial Shareholders**

The Company and its subsidiaries did not enter into any material contracts involving Directors and Substantial Shareholders during the financial year ended 31 March 2020.

- **Revaluation Policy on Landed Properties**

The Group has adopted a policy of sufficient regularity revaluation of its landed properties.

- **Recurrent Related Party Transactions**

The Group did not have any recurrent related party transactions of revenue or trading nature during the financial year under review, which exceeded the materiality threshold stipulated in Paragraph 10.09 (2)(b) of the MMLR of BMSB.

NOTICE OF FORTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth Annual General Meeting ("AGM") of the Company will be held at Suite 10.1, Wisma Chase Perdana, Changkat Semantan, Damansara Heights 50490 Kuala Lumpur on Monday, 28 September 2020 at 9.30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. | Please refer
to Note
A on this
agenda |
| 2. To approve the payment of Directors' fees and benefits payable up to an amount of RM463,200 for the financial year ending 31 March 2021. | Resolution 1 |
| 3. To re-elect En. Mohd Kamal Bin Mohd Zahari who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution. | Resolution 2 |
| 4. To re-elect the following Directors, who are retiring as Directors of the Company in accordance with Clause 99 of the Company's Constitution:-

i) Dato' Halim Bin Muhamat
ii) YM Tunku Dato' Yaacob Khyra | Resolution 3
Resolution 4 |
| 5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT, the retiring Auditors and to authorise the Board of Directors to fix their remuneration. | Resolution 5 |

SPECIAL BUSINESS

To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

- | | |
|---|---------------------|
| 6. Authority for Directors to issue and allot shares in the Company pursuant to Section 76 of the Companies Act, 2016 | Resolution 6 |
|---|---------------------|

"THAT pursuant to Section 76 of the Companies Act, 2016 and subject to the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued capital of the Company for the time being **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF FORTIETH ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out in Section 2.8 of the Circular to Shareholders dated 28 August 2020 ("Proposed Shareholders' Mandate") **Resolution 7**

"**THAT** subject to the provision of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to Turiya Berhad to enter into and to give effect to the specified Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties as set out in Section 2.8 of the Circular to Shareholders dated 28 August 2020 which are necessary for its day-to-day operations, to be entered into by Turiya Berhad on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT then Proposed Shareholders' Mandate is subject to annual renewal, **AND THAT** any authority conferred by the Proposed Shareholders' Mandate, shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless by a resolution passed at the General Meeting, the authority is renewed; or
- (ii) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earliest;

AND FURTHER THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

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

By Order of the Board
TURIYA BERHAD

Wong Youn Kim
(MA/CSA 7018778)
(SSM Practicing Certificate No. 201908000410)
Company Secretary

Kuala Lumpur
28 August 2020

NOTICE OF FORTIETH ANNUAL GENERAL MEETING (CONT'D)

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead and where a member appoints two (2) proxies, the holder shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy or attorney need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. (i) Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account;
- (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A (1) of the SICDA;
- (iii) Where a member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies; and
- (iv) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur not less than 24 hours before the appointed time of holding this meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 21 September 2020 shall be regarded as Members of the Company entitled to attend the 40th Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.

A. Audited Financial Statements for the Financial Year ended 31 March 2020

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

NOTICE OF FORTIETH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 6 – Authority For Directors To Allot and Issue Shares

The proposed Resolution 6 under item 6 of the Agenda, if passed, from the date of the above Annual General Meeting, will empower the Directors of the company, with the authority to allot and issue shares in the Company up to an amount not exceeding ten (10%) of the issued capital of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate sought to grant authority to Directors to allot and issue of shares is a renewal of the mandate that was approved by the shareholders at the Thirty-Ninth Annual General Meeting held on 21 September 2019. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Thirty-Ninth Annual General Meeting as the need does not arise for any fund raising activity for the purpose of investment, acquisition or working capital.

Resolution 7 – Proposed Shareholders' Mandate

The Proposed Resolution 7 is to obtain Shareholders' Mandate for Recurrent Related Party Transactions. Shareholders' Mandate will enable the Company and its subsidiaries ("the Group") to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 28 August 2020 for further information.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. The Fortieth Annual General Meeting of the Company will be held at Suite 10.1, Wisma Chase Perdana, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur on Monday, 28 September 2020 at 9.30 a.m.
2. The Directors who are standing for re-election at the Fortieth Annual General Meeting of the Company pursuant to the Constitution of the Company are:
 - (i) En. Mohd Kamal Bin Mohd Zahari (Clause 97.1)
 - (ii) Dato' Halim Bin Muhamat (Clause 99)
 - (iii) YM Tunku Dato' Yaacob Khyra (Clause 99)

The details of the above Director seeking re-election are set out in the Profile of Directors as disclosed on pages 10 to 15 of this Annual Report.

3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 March 2020 are disclosed in the Corporate Governance Overview Statement set out on page 22 of this Annual Report.

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PROXY FORM

Number of Shares Held _____

CDS Account No. _____



TURIYA BERHAD
Reg. No. 198001001793
(55576-A)

I/We _____

of _____

being a member/members of **Turiya Berhad**, hereby appoint _____

_____ (NRIC No: _____)

of _____

and / or _____

(NRIC No: _____) of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fortieth Annual General Meeting of Turiya Berhad to be held at Suite 10.1, Wisma Chase Perdana, Changkat Semantan, Damansara Heights 50490 Kuala Lumpur on Monday, 28 September 2020 at 9.30 a.m. and at any adjournment thereof.

You may indicate with an "X" or "✓" in the boxes provided below how you wish your votes to be cast.

No.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution			
1.	To approve the payment of Directors' fees and benefits payable up to an amount of RM463,200 for the financial year ending 31 March 2021.		
2.	To re-elect En. Mohd Kamal Bin Mohd Zahari who is retiring as a Director of the Company in accordance with Clause 97.1 of the Company's Constitution.		
3.	To re-elect Dato' Halim Bin Muhamat who is retiring as a Director of the Company in accordance with Clause 99 of the Company's Constitution.		
4.	To re-elect YM Tunku Dato' Yaacob Khyra who is retiring as a Director of the Company in accordance with Clause 99 of the Company's Constitution.		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT, the retiring Auditors and to authorise the Board of Directors to fix their remuneration.		
6.	To authorise the Directors to issue and allot shares in the Company pursuant to Section 76 of the Companies Act, 2016.		
7.	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please take note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

Signed this _____ day of _____ 2020

Signature of Member/Common Seal



TURIYA BERHAD
Reg. No. 198001001793
(55576-A)

Affix
Stamp

The Company Secretary

TURIYA BERHAD

(Registration No. 198001001793 (55576-A))

Suite 7.3, 7th Floor, Wisma Chase Perdana,
Changkat Semantan, Damansara Heights,
50490 Kuala Lumpur, Malaysia.

Fold along this line

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead and where a member appoints two (2) proxies, the holder shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy or attorney need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. (i) Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account;
(ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A (1) of the SICDA;
(iii) Where a member or the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies; and
(iv) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur not less than 24 hours before the appointed time of holding this meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 21 September 2020 shall be regarded as Members of the Company entitled to attend the 40th Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.

Glue and seal along this line



TURIYA BERHAD

(Reg. No. 198001001793 (55576-A))

Suite 7.3, 7th Floor, Wisma Chase Perdana, Changkat Semantan
Damansara Heights, 50490 Kuala Lumpur, Malaysia
Tel: 03-2718 3800 Fax: 03-2094 0503 Website: www.turiya.com.my