SANBUMI HOLDINGS BERHAD
(8386-P)

Annual Report **2018**

SANBUMI HOLDINGS BERHAD (8386-P)

49th ANNUAL GENERAL MEETING

Venue
Conference Room,
Second Floor,
Wisma EMC,
972 Jalan Baru,
13700 Prai,
Penang

Time
Friday,
7 September 2018
at 10.00 a.m.

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Annual Report 2018

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of Sanbumi Holdings Berhad will be held at the Conference Room, Second Floor, Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang on Friday, 7 September 2018 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A**

AS ORDINARY BUSINESS

2. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:-

   Dato' Chua Tiong Moon **(Resolution 1)**

   Dato' Ir. Zainurin bin Karman **(Resolution 2)**

3. To re-appoint Messrs Crowe Malaysia as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

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

Ordinary Resolutions

4. To approve the payment of Directors' fees of RM216,000 for the financial year ended 31 March 2018. **(Resolution 4)**

5. To approve the payment of Directors' benefits of up to RM20,000 in accordance with Section 230(1) of the Companies Act 2016 from 8 September 2018 until the next Annual General Meeting of the Company. **(Resolution 5)**

6. **Authority to continue in office as Independent Non-Executive Directors**

   "THAT subject to the passing of Resolution 2, authority be and is hereby given to Dato' Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **(Resolution 6)**

   "THAT authority be and is hereby given to Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years with intervals, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **(Resolution 7)**

7. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)
LIM CHOO TAN (LS 0008888)
Company Secretaries

Penang

Date: 31 July 2018

Note A

This Agenda Item is meant for discussion only as the provision of Section 248(2) and Section 340 of the Companies Act 2016 do not require a formal approval of the shareholders and hence is not put forward for voting.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy need not be a member of the Company.

2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint 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.

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

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act, 2016.

8. Only members registered in the Record of Depositors as at 29 August 2018 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 – To approve the payment of Directors' fees of RM216,000 for the financial year ended 31 March 2018**

   The Ordinary Resolution proposed under item 4 of the agenda, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2018 amounting to RM216,000.

2. **Resolution 5 – To approve the payment of Directors' benefits of up to RM20,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 8 September 2018 until the next Annual General Meeting of the Company**

   The Ordinary Resolution proposed under item 5 of the agenda, if passed, will authorise the payment of Directors' benefits of up to RM20,000 in accordance with Section 230(1) of the Companies Act 2016 with effect from 8 September 2018 until the next Annual General Meeting of the Company.

3. **Resolution 6 - Authority to continue in office as an Independent Non-Executive Director**

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Ir. Zainurin bin Karman. Dato' Ir. Zainurin bin Karman has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board. The Board will be seeking for shareholders' approval through a two-tier voting process as recommended by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") at the 49th AGM to retain him as an Independent Non-Executive Director ("INED") as his tenure as an INED has exceeded 12 years.

4. **Resolution 7 - Authority to continue in office as an Independent Non-Executive Director**

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Wira Rahadian Mahmud bin Mohammad Khalil. Datuk Wira Rahadian Mahmud bin Mohammad Khalil has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board. The Board will be seeking for shareholders' approval through a two-tier voting process as recommended by the MCCG 2017 at the 49th AGM to retain him as an Independent Non-Executive Director ("INED") as his tenure as an INED has exceeded 12 years.

Statement Accompanying NOTICE OF ANNUAL GENERAL MEETING

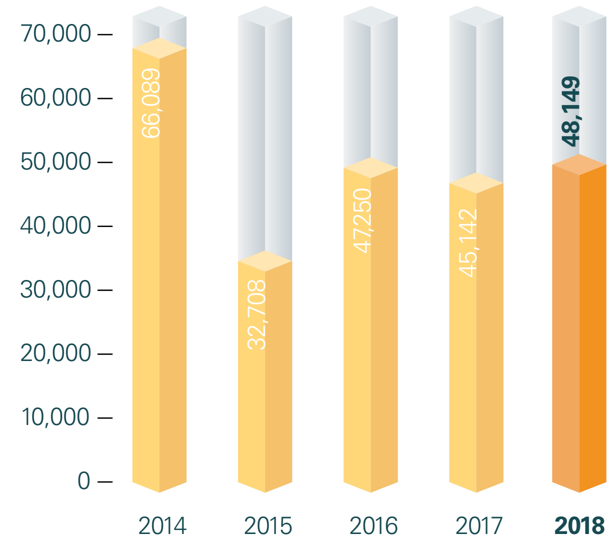
pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

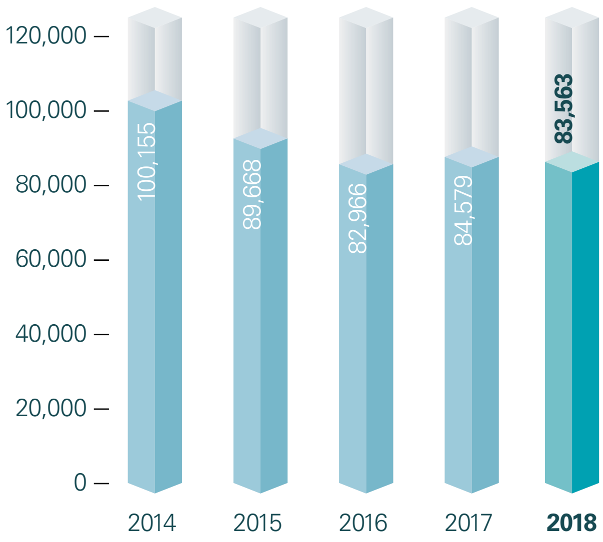
Financial Highlights

The Group's Five Year Financial Highlights

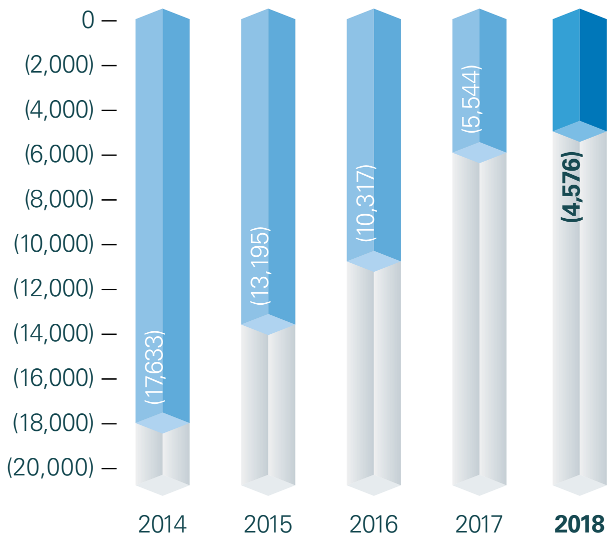
TURNOVER
(RM'000)



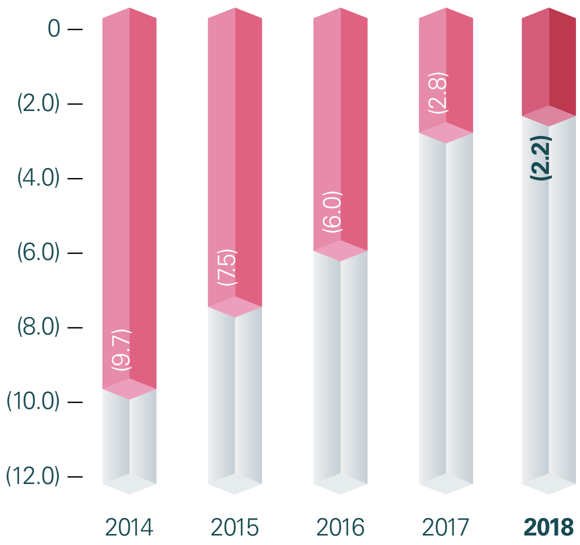
SHAREHOLDERS' EQUITY
(RM'000)



LOSS BEFORE TAXATION
(RM'000)



LOSS PER SHARE
(Sen)



Corporate Information

BOARD OF DIRECTORS

Chairman / Independent Non-Executive Director
DATO' IR. ZAINURIN BIN KARMAN
(Appointed on 26/08/2005)

Managing Director
DATO' CHUA TIONG MOON
(Appointed on 23/02/2001)

Executive Director
CHU YOKE LOONG
(Appointed on 19/09/2016)

Independent Non-Executive Directors
DATUK WIRA RAHADIAN MAHMUD
BIN MOHAMMAD KHALIL
(Appointed on 23/02/2001)

LIM THIAN LOONG
(Appointed on 08/12/2010)

LEE SEE HONG (Ms)
(Appointed on 22/02/2013)

AUDIT COMMITTEE

Chairman
LIM THIAN LOONG

Members
DATO' IR. ZAINURIN BIN KARMAN

LEE SEE HONG (Ms)

NOMINATION COMMITTEE

Chairman
DATO' IR. ZAINURIN BIN KARMAN

Members
LIM THIAN LOONG

LEE SEE HONG (Ms)

REMUNERATION COMMITTEE

Chairman
DATO' IR. ZAINURIN BIN KARMAN

Members
LIM THIAN LOONG

LEE SEE HONG (Ms)

COMPANY SECRETARIES

CHEW SIEW CHENG (Ms)
(MAICSA 7019191)

LIM CHOO TAN (Ms)
(LS 0008888)

REGISTERED OFFICE

WISMA EMC
972, JALAN BARU
13700 PRAI
PENANG
TEL : 604-390 3699
FAX : 604-397 9311, 604-390 3636

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE
SERVICES SDN BHD (11324-H)
UNIT 32-01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
TEL : 603-2783 9299
FAX : 603-2783 9222

AUDITORS

CROWE MALAYSIA
(formerly known as
Crowe Horwath)
Kuala Lumpur Office
(Chartered Accountants)
LEVEL 16 TOWER C
MEGAN AVENUE II
12 JALAN YAP KWAN SENG
50450 KUALA LUMPUR

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
HONG LEONG BANK BERHAD

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA
MALAYSIA SECURITIES BERHAD
STOCK NAME : SANBUMI
STOCK CODE : 9113

Corporate Structure

As at 31 July 2018

SANBUMI HOLDINGS BERHAD (8386-P)

TOURISM SERVICES

- 100% SANBUMI CAPITAL SDN BHD
  - PEWTER ART INDUSTRIES (M) SDN BHD 100%
  - TOURISM INFORMATION CENTRE SDN BHD 100%
  - FINE TASTE PRODUCTS SDN BHD 100%
  - FINE TASTE PRODUCTS (KL) SDN BHD 100%
  - SANBUMI HOLIDAY SDN BHD 100%
  - SANBUMI AIR TRANSPORT SDN BHD 100%
  - 100% NOUVELLE HOTEL (KL) SDN BHD
  - 100% NOUVELLE HOTEL (KULAI) SDN BHD
  - 100% TROPIKS PRODUCTS SDN BHD
  - 100% SINORENO JEWELLERY SDN BHD
  - 100% NOUVELLE HOTEL SDN BHD
  - 100% FINE PEWTERWARE (KL) SDN BHD
  - 100% NOUVELLE RESTAURANT SDN BHD
  - 100% SRI DONDANG RESTAURANT SDN BHD

OTHER SERVICES

- 100% SANBUMI SAWMILL SDN BHD
  - 100% SANBUMI DEVELOPMENT SDN BHD
  - 100% MIRIM TIMBER SDN BHD
- 100% AKALAJU SDN BHD
- 100% EMC CRANES SDN BHD
- 70% EMC CONTAINERS SDN BHD
- 100% EMC MARKETING SDN BHD
- 100% EMC CAPITAL SDN BHD
- 100% EMC CRANES (KL) SDN BHD
- 49% FERROTRANS SDN BHD

PROFILE OF THE Board of Directors

DATO' IR. ZAINURIN BIN KARMAN	Chairman
	Male • Age : 54
	Nationality : Malaysian

Dato' Ir. Zainurin bin Karman is a qualified Professional Civil Engineer graduated from Syracuse University of New York, U.S.A. He is registered as a Professional Engineer with the Board of Engineers, Malaysia, a member of the Institution of Engineers Malaysia and also a member of the Malaysian Water Association. He is currently the Managing Director of RE Consultant Sdn Bhd and he also sits on the Board of several other private limited companies.

Dato' Ir. Zainurin bin Karman does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

DATO' CHUA TIONG MOON	Managing Director
	Male • Age : 59
	Nationality : Malaysian

Dato' Chua Tiong Moon is a businessman with vast experience being primarily responsible for the operations and management of companies involved in property development, hospitality services and tourism related services. He also has vast knowledge on the timber industry with extensive experience in timber extraction, sawmilling and plywood productions. Besides these, he also has vast experience being primarily responsible for the operations and financial management of companies involved in manufacturing and quarry businesses. He has been the Managing Director of the Sanbumi Holdings Berhad and its subsidiary companies since 2001 and also sits on the Board of several other private limited companies.

Dato' Chua Tiong Moon does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

CHU YOKE LOONG	Executive Director
	Male • Age : 49
	Nationality : Malaysian

Chu Yoke Loong is a businessman and has been involved in the construction industry for over 10 years with extensive experience and skills in the operations and management of companies involved in building construction and renovation works. Besides the construction industry, he also has experience in the furniture manufacturing and the timber industries. He is currently the Managing Director of Vital Talent Sdn Bhd and he also sits on the Board of several other private limited companies.

Chu Yoke Loong is the brother of Chu Yoke Fong, a substantial shareholder of the Company.

Chu Yoke Loong does not hold any directorship in other public companies and has no conflict of interest with the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	Director
	Male • Age : 44
	Nationality : Malaysian

Datuk Wira Rahadian Mahmud bin Mohammad Khalil is a businessman. He has vast experience being involved in businesses under various industries throughout his career with active participation in the construction, property development, timber and manufacturing sectors. He also sits on the Board of several other private limited companies.

Datuk Wira Rahadian Mahmud bin Mohammad Khalil has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any. He also sits on the Boards of KYM Holdings Berhad, Magna Prima Berhad and AppAsia Berhad.

LIM THIAN LOONG	Director
	Male • Age : 54
	Nationality : Malaysian

Lim Thian Loong is an accountant by profession. He is a graduate member of the Chartered Institute of Management Accountants (CIMA), London. He is also a member of the Chartered Global Management Accountants (CGMA), Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM). He has over 15 years experience in accounting, auditing and taxation and has been practising as a sole practitioner under his own firm since 2002. He also sits on the Board of several other private limited companies.

Lim Thian Loong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any. He also sits on the Boards of Grand Central Enterprises Berhad, Eduspec Holdings Berhad and Hotel Grand Central Limited, a company listed on the Stock Exchange of Singapore.

LEE SEE HONG	Director
	Female • Age : 49
	Nationality : Malaysian

Lee See Hong is a businesswoman with extensive administrative and entrepreneurial experiences. She graduated with a Bachelor of Commerce from Flinders University, Australia. She started her career as an Export Manager Trainee in the Omega Lubricant Division of Magna Industrial Co. Ltd. in 1994 and subsequently set up her own business distributing specialized lubricants as well as lubricators that help reduce plant operating costs and provide solutions to various types of lubrication-related problems faced by various major industries throughout Malaysia. She has also successfully set up and operated a lubricant business in Vietnam. She also sits on the Board of several other private limited companies.

Lee See Hong does not hold any directorship in other public companies and has no conflict of interest with the Company. She does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

PROFILE OF Key Senior Management

DATO' CHUA TIONG MOON	Managing Director
	Male • Age : 59
	Nationality : Malaysian

Dato' Chua Tiong Moon was appointed as the Managing Director on 23 February 2001 and has since been primarily responsible for the business operations and financial management of the Company and all its subsidiary companies.

Dato' Chua Tiong Moon is a businessman and has vast experience in the management and operations of companies involved in property development, hospitality services, tourism related services, manufacturing and quarry businesses. He also has vast knowledge of the timber industry with extensive experience in timber extraction, sawmilling and plywood productions.

Dato' Chua Tiong Moon has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

CHU YOKE LOONG	Executive Director
	Male • Age : 49
	Nationality : Malaysian

Chu Yoke Loong was appointed as Executive Director on 13 December 2016 and has since been primarily responsible in overseeing the progress and operations of the new property development business venture.

Chu Yoke Loong is a businessman and has been involved in the construction industry for over 10 years with extensive experience in the operations and management of companies involved in building construction and renovation works. Besides the construction industry, he also has experience in the furniture manufacturing and the timber industries.

Chu Yoke Loong is the brother of Chu Yoke Fong, a substantial shareholder of the Company.

Chu Yoke Loong does not hold any directorship in other public companies and has no conflict of interest with the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or substantial shareholdes of the Company and has no record of convictions for offences within the past five years other than traffic offences, if any.

MANAGEMENT Discussion and Analysis

Sanbumi Holdings Berhad ("SHB or Company") is principally engaged in the business of investment holding whereas the principal activities of its subsidiary companies are classified into the following two distinct business segments:-

- Tourism Services — Comprises of businesses in the hospitality services, inbound and outbound tours and ticketing services and tourism related retail outlets.
- Others — Comprises of investment holding, property development and other trading and services, neither of which is of a sufficient size to be reported separately.

BUSINESS OVERVIEW AND GROUP FINANCIAL PERFORMANCE

The tourism business segment remained as the core business segment of SHB and its subsidiary companies (hereinafter referred to as the "Group") throughout the financial year ended 31 March 2018. The tourism business segment of the Group has been, since its inception almost entirely designed and structured to specifically cater for inbound tourists from China.

The financial performance of the Group for the financial year ended 31 March 2018 ("FY2018") continued to be relatively encouraging with the Group recording a pre-tax loss of approximately RM4.6 million or 16.4% lower than the pre-tax loss of RM5.5 million reported in the preceding financial year (FY2017) and 55.3% lower than the pre-tax loss of RM10.3 million reported in the previous financial year (FY2016). Nonetheless, FY2018 remained to be a challenging year for the Group as its core tourism business experienced immense pressure from competition within the industry despite reports of an approximately 7.4% expansion in total arrival volume of China tourists to Malaysia.

OPERATIONS REVIEW

Tourism Services Segment

The 'Tourism Services' segment, being the core business segment for Group contributed 98.97% (2017: 98.89%) of the total revenue with the 'Others' segment providing the remainder. The Tourism Services segment registered a revenue from external sales of approximately RM47.7 million at the backdrop of a total arrival volume of 254,982 persons for the current financial year as compared to approximately RM44.6 million with a total arrival volume of 219,310 persons registered in the preceding financial year. The higher revenue registered by the Group for the current financial year was in line with the increase in the cumulative volume of tourist arrivals recorded during the year. It was also noted that there was an increase of approximately 7.4% in the overall total arrival volume of China tourists to Malaysia during the year.

The Tourism Services segment recorded a lower pre-tax loss of approximately RM3.7 million for the current financial year as opposed to the pre-tax loss of approximately RM4.4 million recorded in the preceding financial year. The pre-tax losses of the Tourism Services segment registered a fairly significant decline as a result of the decrease in the major expenditure components such as depreciation, staff costs and certain administration expenses during the financial year. However, the recognition of impairment losses on receivables and the write-off of property, plant and equipment which collectively accounted for a charge of approximately RM2.3 million (2017: RM0.5 million) resulted in the pre-tax losses of this segment to increase unfavourably.

OPERATIONS REVIEW (CONT'D)

Others Segment

This segment comprises other businesses of the Group, neither of which are of a sufficient size to be reported separately. The Group's Others Segment consistently registered an annual revenue from external sales of approximately RM0.5 million (2017: RM0.5 million) with a small decline in pre-tax loss. The Group's Others Segment's pre-tax loss stood at approximately RM0.9 million (2017: RM1.1 million) for the current financial year.

CORPORATE DEVELOPMENT

On 30 June 2017, the Company entered into an agreement to acquire the remaining 360,000 ordinary shares representing approximately 21.52% of total issued and paid-up share capital of EMC Cranes (KL) Sdn Bhd (EMCKL) from Tat Hong HeavyEquipment (Pte) Ltd for a total cash consideration of RM150,000.00. Following this acquisition, EMCKL became a wholly-owned subsidiary of the Company. There were no other changes in the composition of the Group during the current financial year.

On 13 July 2016, the Company completed the Private Placement of 52,240,000 new ordinary shares of RM0.10 each at a placement price of RM0.115 each. The total capital raised from the placement of shares amounted to RM6,007,600 and the proceeds were allocated to be utilised in accordance with the approved utilisation plan. The details on the utilisation of the proceeds are disclosed under 'Additional Compliance Information' on page 25 of this report.

As at the date of this statement the Group has no other corporate proposals announced, issued or pending completion.

MOVING FORWARD

The Group has over the years weathered the storm and endured the challenges in the global and domestic economic landscape that had resulted in adverse impact on the business prospects and the financial performances of its core tourism business segment. The Group is hopeful that with resilience and continued persistence the core business segment will continue to remain relevant and focused. Taking these into consideration, the Group has embarked on a critical review and rationalization exercise of its current business model for its tourism business segment. The Group anticipates that upon completion of this internal reorganization exercise, the core tourism business segment will be placed on a better footing and be able to contribute positively towards improving the future financial performances of the Group.

With the smooth changes in the domestic political landscape, the Group is of the view that the anticipated stability will drive the domestic economy to improve. The Group hopes that these positive vibes will also spur the sentiments in the property market and contribute towards its growth. On this note, the Group will continue monitoring indicators/ sentiments in the property market and ensure that the progress of the Group's ventures into the property development is aligned and in a position to move forward as soon as indicators in the property market shows positive improvements.

Moving forward, the Group hopes that efforts put in the drive towards diversifying and venturing into the property development and investment business will provide a new platform for revenue generation in the foreseeable future and help reduce or eliminate the risks of high dependence on the Tourism Services business segment.

CORPORATE Governance Overview Statement

The Board of Directors is committed to maintain high standards of corporate governance and strives to ensure that it is practised throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities in order to protect and enhance shareholders' value and raise the performance of the Group.

COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In this Statement, the Board reports on the manner the Group has adopted and applied the principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code") which took effect on 26 April 2017 and the governance standards prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") throughout the year under review. This Statement is to be read together with the CG Report 2017 of the Company which is available on the Company's website at www.sanbumi.com.my.

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

I. BOARD RESPONSIBILITIES

The Company is led and managed by an experienced Board, comprising members who have a wide range of experience in fields such as business, management, finance, engineering and construction to successfully direct and supervise the Group's business activities. A brief profile of each Director is presented on pages 8 and 9 of the Annual Report.

The Board will continue to retain full and effective control of the Group. This includes responsibility for reviewing and adopting a strategic plan for the Company and overseeing the conduct of the Company's business.

Key decisions relating to acquisitions and disposals, material agreements, major capital expenditure, budgets, long-term planning and succession planning for top management is the prerogative of the Board.

The Board delegates the responsibility of implementing the Group's strategies, business plans, policies and decisions to the Management which is led by the Group Managing Director.

The Board will always act in the best interests of the Company and has a duty of confidentiality in relation to the Company's confidential information.

The Board has three Board Committees namely the Nomination Committee, the Audit Committee and the Remuneration Committee, to assist the Board and each committee is governed by their Terms of Reference.

The roles of the Chairman and Group Managing Director are distinct and separated to ensure a balance of power and authority.

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:-

(i) ensure that the Board functions effectively, cohesively and independently of Management;

(ii) leading the Board in establishing and monitoring good corporate governance practices in the Company and Group;

(iii) leading the Board, including presiding over Board meetings and Company meetings and directing Board discussions to effectively address the critical issues facing the Company, in addition to encouraging active participation from Board members;

(iv) promoting constructive and respectful relationship between board members and between board members and management; and

(v) ensure that there are effective communication between the Company and/or Group and its shareholders and relevant stakeholders.

The Group Managing Director is responsible to the Board for the day-to-day management of the Group. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Group Managing Director, amongst others, are as follows:-

(i) developing the strategic direction of the Group;

(ii) ensure that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;

(iii) ensuring an effective management team below the level of the Managing Director and to develop an active succession plan;

(iv) ensure that the objectives and standards of performance are understood by the Management and employees;

(v) ensure that the operational planning and control systems are in place;

(vi) monitoring performance results against plans; and

(vii) taking remedial action, where necessary.

The Group Managing Director also provides assistance whenever appropriate and works with the Board and the Board Committees in discharging their duties. He will report on the performance and activities of the Group for the period under review, including explanations when there are changes or significant fluctuations.

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

The Company is supported by two (2) qualified named Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under section 235(2) of the Companies Act 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. The Board Charter is reviewed by the Board, with Nomination Committee's recommendation, annually and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website at www.sanbumi.com.my.

The Board Charter was last reviewed on 23 February 2018.

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees of the Company are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Code of Ethics was adopted by the Board on 2 July 2018 and is made available for reference on the Company's website, www.sanbumi.com.my.

During the financial year ended 31 March 2018, five (5) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting		May 2017	Jul 2017	Aug 2017	Nov 2017	Feb 2018		
Directors	Position	Attendance					Total	%
Dato' Ir. Zainurin bin Karman	Chairman	•	x	•	•	•	4/5	80
Dato' Chua Tiong Moon	Managing Director	•	•	•	•	•	5/5	100
Lim Thian Loong	Director	•	•	•	•	•	5/5	100
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Director	•	x	•	•	•	4/5	80
Lee See Hong	Director	•	•	•	•	•	5/5	100
Chu Yoke Loong	Executive Director	•	•	•	•	•	5/5	100

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

As required under the Main Market Listing Requirements of Bursa Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

During the financial year ended 31 March 2018, the Board has undertaken an assessment of the training needs of each director. The trainings that the Directors have attended for the financial year are as follows:-

Dato' Chua Tiong Moon	
• New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan	25 August 2017
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	
• New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan	25 August 2017
Dato' Ir. Zainurin bin Karman	
• New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan	25 August 2017
Lim Thian Loong	
• Companies Act 2016 and Malaysian Code on Corporate Governance 2017	9 August 2017
• New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan	25 August 2017
• Technical updates on MFRS / IFRS 2017	7 September 2017
• Case Study Workshop for Independent Directors "Rethinking - Independent Directors: A New Frontier"	16 October 2017
• Corporate Governance Briefing Sessions: MCCG and CG Guide	1 March 2018
Lee See Hong	
• New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan	25 August 2017
• Case Study Workshop for Independent Directors "Rethinking - Independent Directors: A New Frontier"	16 October 2017
Chu Yoke Loong	
• New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan	25 August 2017

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION

The current Board is made up of six (6) members comprising one (1) Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In view of their diversified background and extensive experience, they bring a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance.

All directors of the Company do not hold more than 5 directorships under paragraph 15.06 of the Main Market Listing Requirements.

The Board believes that the current composition is appropriate given the collective skills and experiences of the Directors and the Group's current size and nature of Sanbumi's business. The Board will continue to monitor and review the Board's size and composition as may be needed. If there is a need to appoint additional Board member, Sanbumi will consider utilizing the pool of directors from independent sources.

The Board is aware of the tenure of an Independent Director which should not exceed a cumulative term of nine (9) years and upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval.

If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process. For resolution(s) requiring 'two-tier voting' process, the effective date will be for resolution(s) to be tabled at general meetings after 1 January 2018.

Presently, there are two Independent Directors of the Company, namely Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir. Zainurin bin Karman whose tenure have exceeded a cumulative term of twelve (12) years each.

Letters of support from the Managing Director recommending Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir. Zainurin bin Karman who have served on the Board as Independent Non-Executive Directors of the Company to be retained as Independent Non-Executive Directors of the Company were tabled at the Nomination Committee Meeting held on 30 May 2017. The Nomination Committee members reviewed the letters of support and were satisfied that Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir. Zainurin bin Karman still maintain their independency despite their long service extended to the Company and recommended to the Board to seek for shareholders' approval at the Annual General Meeting held on 15 September 2017.

As recommended by the MCCG, the Board has recommended Datuk Wira Rahadian Mahmud bin Mohammad Khalil and Dato' Ir. Zainurin bin Karman who have served as Independent Non-Executive Directors for a cumulative term of more than 12 years, to continue to act as Independent Non-Executive Directors of the Company subject to the shareholders' approval through a two-tier voting process at the Forty-Ninth Annual General Meeting of the Company to be held on 7 September 2018.

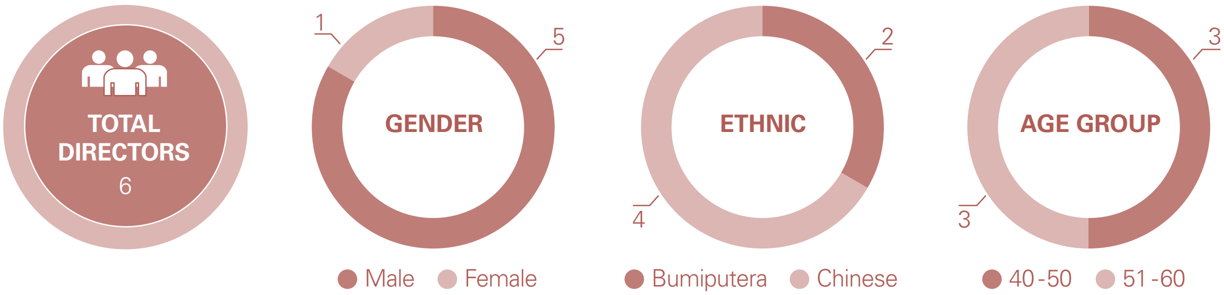
PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The Group does not practise discrimination on any form of gender, ethnicity and age group as the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and suitability. The Company currently has one female Independent Non-Executive Director. The Board does not have any target or measure to meet the 30% women directors. The Board is supportive of the gender boardroom diversity recommended by the Code and will strive towards introducing more female Board members when it reviews its board composition.

The Boardroom Diversity Policy is made available for reference in the Company's website at www.sanbumi.com.my.

The age and gender diversity of the Board during the financial year were as follows:-



The Board through the Nomination Committee periodically reviews its required mix of skills and experience and other qualities, including core competencies that Non-Executive Directors should bring to the Board. The Nomination Committee will carry out its duties and responsibilities as set out in its Terms of Reference which can be viewed on the Company's website. The Nomination Committee will convene its meeting at least once a year and they may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. Through its Chairman, the Nomination Committee reports to the Board on matters discussed at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the Nomination Committee.

The re-election of the Board is also done in accordance with the Company's Articles of Association, whereby one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting ("AGM").

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION (CONT'D)

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. The Nomination Committee assessed and was satisfied and made recommendations to the Board for their re-election/re-appointment with regards to the re-election of the two (2) directors, namely Dato' Ir. Zainurin bin Karman and Dato' Chua Tiong Moon who are due for retirement but shall be eligible for re-election pursuant to Article 93 of the Company's Articles of Association at the forthcoming AGM to be held on 7 September 2018.

The Company conducts an Annual Assessment to evaluate the board effectiveness as well as the Committees and each individual Director.

(1) Every Board member carried out his/her own self-assessment by completing a Director's Performance Evaluation Self-Assessment Form to assess their own level of competencies in integrity, commitment and ethics, governance, business acumen, judgement and decision making, communication, strategic perspective, teamwork and leadership. The Board members would give positive feedback and comment which could assist the Board as a whole and its members in their performance in the areas of competencies, conformance and/or compliance and improve effectiveness. The Board members would identify their key industry knowledge or skills which they could contribute to the Company. The Nomination Committee evaluated the Director's Self-Assessment Forms at the Nomination Committee Meeting held on 30 May 2017.

(2) The Audit Committee and the Remuneration Committee each carried out its evaluation with the view to maximise the performance of the individual committees in the interest of the Company. Each Chairman of the committee completed the assessment forms which cover the purpose, composition and process of the respective committees. The Nomination Committee evaluated both committees at the Nomination Committee Meeting held on 30 May 2017.

(3) The Nomination Committee reviewed the terms of office and performance of the Audit Committee and each of its members at its meeting held on 30 May 2017. As the members of the Nomination Committee and Audit Committee comprise the same members, each member abstained from their own deliberation as members of the Audit Committee. The Nomination Committee was satisfied with the performance of the Audit Committee and hence, all the existing Audit Committee remains status quo.

During the financial year, the Nomination Committee had assisted the Board on the following functions:

(1) reviewed the terms of reference;
(2) reviewed the structure, size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company;
(3) reviewed the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
(4) implemented a process, assessed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
(5) recommended to the Board directors who retired by rotation to be put forward for re-election;
(6) reviewed and recommended to the Board to seek shareholders' approval at the forthcoming AGM for a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to be an Independent Non-Executive Director;
(7) assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment; and
(8) reviewed the terms of office and performance of the Audit Committee and each of its members.

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

II. BOARD COMPOSITION (CONT'D)

During the financial year ended 31 March 2018, the Nomination Committee had two (2) meetings:

Nomination Committee Meeting		May 2017	Feb 2018		
Directors	**Position**	**Attendance**		**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	•	•	2/2	100
Lim Thian Loong	Member	•	•	2/2	100
Lee See Hong	Member	•	•	2/2	100

The Board also recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interests of the Group.

The Independent Directors of the Company fulfill the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions. Such a situation may arise from external associations, interests or personal relationships.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters.

The Board, via Nomination Committee has developed the criteria to assess independence and formalised the current independence assessment practice.

Each independent director completed his/her own Independent Director checklist. The Nomination Committee carried out the assessment of the Independent Directors at its meeting on 30 May 2017. Each independent director abstained from deliberation on his/her own assessment. The Nomination Committee was satisfied that the Independent Directors still maintain their independence.

The Nomination Committee has based on the guidelines set out in the Listing Requirements to assess the independence of candidate for directors and existing directors. The Directors are also required to confirm their independence by completing the independence checklist on an annual basis.

The Nomination Committee also reviewed and amended its Terms of Reference in line with the amendments in Listing Requirements of Bursa Securities on 23 February 2018.

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

III. REMUNERATION

The Remuneration Committee, comprises only independent directors, will recommend to the Board the remuneration packages of the Directors to ensure that the Company attracts and retains directors needed to run the Company. The Remuneration Committee is responsible for recommending to the Board the policy framework on terms of employment and on all elements of the remuneration of Executive Directors.

During the financial year ended 31 March 2018, the Remuneration Committee had two (2) meetings:

Remuneration Committee Meeting		July 2017	Feb 2018		
Directors	**Position**	**Attendance**		**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	x	•	1/2	50
Lim Thian Loong	Member	•	•	2/2	100
Lee See Hong	Member	•	•	2/2	100

The Directors' fees and emoluments are subject to endorsement of the Board and approval of the shareholders. Directors who are shareholders will abstain from voting at general meetings to approve their fees. Executive Directors also will not be involved in deciding their own remuneration.

Details of the Directors' Remuneration for the financial year ended 31 March 2018 in Sanbumi Group are as follows:-

	ZK	CTM	RMK	LTL	CYL	LSH
Director's Fee	36,000	36,000	36,000	36,000	36,000	36,000
Salary	-	300,000	-	-	300,000	-
Other Emoluments	-	52,113	-	-	38,226	-
Bonus	-	-	-	-	-	-
Benefit-In-Kind	-	-	-	-	-	-
Total	**36,000**	**388,113**	**36,000**	**36,000**	**374,226**	**36,000**

PRINCIPLE A - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

III. REMUNERATION (CONT'D)

	Company		Group	
Band (RM)	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4	-	4
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	1	-	-	-
RM250,001 - RM300,000	-	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	1	-	2	-
Total	**2**	**4**	**2**	**4**

Note:

ZK - Dato' Ir. Zainurin bin Karman
CTM - Dato' Chua Tiong Moon
RMK - Datuk Wira Rahadian Mahmud bin Mohammad Khalil
LTL - Lim Thian Loong
CYL - Chu Yoke Loong
LSH - Lee See Hong

Remuneration of Senior Management

The Company has three (3) Senior Management staff. Details of remuneration received by the Senior Management on named basis are not disclosed in this report.

The Company seriously considered but had chosen to depart from Practices 7.2 and 7.3 of the MCCG 2017 to avoid any adverse effects, including dissatisfaction and animosity among employees in the event the Company disclosed the details on salaries, bonuses, benefit-in-kind and other emoluments of Senior Management on named basis.

The aggregate remuneration paid to the staff including the Senior Management are disclosed in Note 26 to the Financial Statements.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee comprises 3 Independent Directors. The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. The Audit Committee has assessed the suitability, objectivity and independence of the external auditors. The Company adopted the External Auditors Assessment Policy on 2 July 2018 and the Policy is available at the Company's website.

During the financial year, the amount of audit fee and non-audit fee paid to the External Auditors by the Company and the Group for the financial year ended 31 March 2018 were as follows:-

	Group (RM)	Company (RM)
Audit Fees	188,000	55,000
Non-Audit Fees	5,000	5,000

The non-audit fees were in respect of annual review of the Risk Management and Internal Control Statement.

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming Annual General Meeting.

The key features underlying the relationship of the Audit Committee with external auditors are included in the Audit Committee's terms of reference as detailed in Audit Committee section of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group's internal audit function is outsourced to a professional services firm, IBDC (Malaysia) Sdn. Bhd. to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control systems.

The risk management framework and internal audit function are disclosed under the Statement of Risk Management and Internal Control on pages 33 to 34 of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

Any query and concern regarding the Group may be conveyed to the following person:-

Dato' Ir. Zainurin bin Karman	:	Senior Independent Non-Executive Director
Telephone number	:	04-390 3699
Facsimile number	:	04-397 9311

The Company encourages all employees and stakeholders to report any improper conduct on the part of employees, management, directors and vendors in particular with respect of their obligation to the Company's interest. Employees and stakeholders who have been aggrieved or have concerns to raise can raise them through the grievance procedure or to the Audit Committee Chairman.

The Whistle Blowing Policy is made available for reference on the Company's website, www.sanbumi.com.my.

II. CONDUCT OF GENERAL MEETINGS

Through the Company's general meetings, it provides shareholders with the opportunity to engage in candid dialogue and to seek and clarify and issues and to have a better understanding of the Group's performance. The Board encourages shareholders' active participation at such meetings and members of the Board and the external auditors will be present to address any queries raised during the meetings. The Company will also ensure that the notice for AGM will be given to its shareholders at least 28 days prior to the meeting.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings for shareholders' information.

The Statement was approved by the Board of Directors on 2 July 2018.

ADDITIONAL Compliance Information

a) Utilisation of proceeds raised from Corporate Proposal

On 13 July 2016, the Company completed the Private Placement of 52,240,000 new ordinary shares of RM0.10 each at a placement price of RM0.115 each. The total capital raised from the placement of shares amounted to RM6,007,600 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 31 March 2018 was as follows:

Purpose	Utilisation			Deviation	
	Proposed RM'000	Actual RM'000	Intended Timeframe for Utilisation	RM'000	%
Expenses in relation to Corporate Proposals	300	298	Within 1 month	2	0.7
Funding for Proposed Development	5,000	3,818	Within 24 months		
Working capital requirements of the Group	708	710	Within 12 months	(2)	(0.3)
	6,008	4,826			

The intended timeframe of utilisation for purpose of funding the proposed development expired on 12 July 2018 and as at that date the Company had fully utilised the proceeds for the intended purposes.

b) Non-audit fees

The fee payable by the Company to the external auditors for non-audit services provided during the financial year ended 31 March 2018 amounted to RM5,000.00. There were no fees payable by the Group to a company affiliated to the external auditors for non-audit services provided during the financial year ended 31 March 2018.

c) Material contracts

Save as disclosed below, there were no contracts of the Company or its subsidiary companies, which are or may be material, involving directors and major shareholders' interest still subsisting as at the end of the financial year ended 31 March 2018:

(i) Service Agreement dated 11 July 2016 between Sanbumi Holdings Berhad ("the Company") and Dato' Chua Tiong Moon whereby the Company agrees to employ Dato' Chua Tiong Moon as the Managing Director of the Company for a term of 3 years with effect from 1 July 2016. The remuneration of the Managing Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.

(ii) Service Agreement dated 13 December 2016 between Sanbumi Holdings Berhad ("the Company") and Mr Chu Yoke Loong whereby the Company agrees to employ Mr Chu Yoke Loong as the Executive Director of the Company for a term of 3 years with effect from 1 October 2016. The remuneration of the Executive Director shall be a fixed salary of RM15,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.

Additional Compliance Information

c) Material contracts (Cont'd)

(iii) Service Agreement dated 13 December 2016 between Sanbumi Sawmill Sdn Bhd, a wholly-owned subsidiary company of Sanbumi Holdings Berhad ("the Subsidiary Company") and Mr Chu Yoke Loong whereby the Subsidiary Company agrees to employ Mr Chu Yoke Loong as the Executive Director for a term of 3 years with effect from 1 October 2016. The remuneration of the Executive Director shall be a fixed salary of RM10,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors' fees payable to him under the Articles of Association of the Company, payable in arrears.

d) Recurrent related party transactions

There were no recurrent party transactions entered into by the Company or its subsidiary companies with related parties during the financial year ended 31 March 2018.

AUDIT Committee Report

Chairman

Lim Thian Loong
(Independent Non-Executive Director)

Members

Dato' Ir. Zainurin bin Karman
(Independent Non-Executive Director)

Lee See Hong
(Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are incorporated in the Board Charter and can be viewed in the Company's website at www.sanbumi.com.my.

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2018, there were five (5) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Audit Committee Meeting		May '17	Jul '17	Aug '17	Nov '17	Feb '18		
Committee Members	**Position**	**Attendance**					**Total**	**%**
Lim Thian Loong	Chairman	•	•	•	•	•	5/5	100
Dato' Ir. Zainurin bin Karman	Member	•	x	•	•	•	4/5	80
Lee See Hong	Member	•	•	•	•	•	5/5	100

Total number of meetings held: 5

SUMMARY OF WORK OF THE AUDIT COMMITTEE

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee ("AC") had carried out the following work during the financial year ended 31 March 2018:-

1. The AC had two (2) private meetings with the representatives from Messrs Crowe Malaysia (formerly known as Crowe Horwath) the external auditors of the Company, on 30 May 2017 and 6 July 2017 in the absence of the Executive Board Members to discuss on any significant audit issues which may have arisen in the course of their audit of the Group. The AC enquired the external auditors on the management's co-operation. The external auditors expressed their satisfaction on the management's co-operation and reported that most audit issues raised at the earlier meeting had been addressed.

Audit Committee Report

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

2. At their Meeting held on 30 May 2017, the AC reviewed and discussed the following:

    a. The unaudited condensed interim financial report of the Group for the fourth financial quarter and the financial year ended 31 March 2017. The AC noted that the condensed interim financial report had been prepared in accordance with all applicable Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and the financial period to date. After deliberation the AC agreed that recommendations were made to the Board of Directors for the approval of the unaudited condensed interim financial report of the Group for the fourth financial quarter and financial year ended 31 March 2017;

    b. The external auditors presented the Audit Review Memorandum (ARM) dated 30 May 2017 in respect of their audit of Sanbumi Group for the financial year ended 31 March 2017. The external auditors confirmed that Crowe Malaysia (formerly known as Crowe Horwath) was and had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conducts and Practice) of the Malaysian Institute of Accountants. They further stated that they were not aware of any relationship between themselves and Sanbumi Group that in their professional judgment, may reasonably be thought to impair their independence; and

    c. The AC received and discussed the performance of the Group against the Budget for the financial year ended 31 March 2017. The AC also reviewed and discussed the Business Plan and Budget for the financial year ending 31 March 2018 and after due deliberation agreed to recommend to the Board of Directors for approval.

3. At their Meeting held on 6 July 2017, the AC reviewed the ARM (Closing Meeting) presented by the external auditors setting out the status update on the ARM presented on 30 May 2017. The external auditors confirmed that there was no audit qualification in their report on the financial statements of the Group and the Company for the financial year ended 31 March 2017 and there was no material deviation between the actual results of the Group and the unaudited results announced previously for the financial year ended 31 March 2017. At the same meeting, the AC also:

    a. reviewed and recommended to the Board of Directors the re-appointment and remuneration of the external auditors;

    b. reviewed and approved the Audit Committee Report for inclusion in the 2017 Annual Report; and

    c. reviewed the scope, function, competency and resources of the Internal Audit and concluded that the aforesaid were adequate.

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

4. At their Meetings held on 25 August 2017, 23 November 2017 and 23 February 2018, the AC reviewed and discussed the Group's unaudited first, second and third quarter results for the financial year ending 31 March 2018 together with the relevant reports and made recommendations to the Board of Directors for approval. The condensed interim financial reports which were unaudited and had been prepared in accordance with all applicable Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the of the MMLR of Bursa Securities were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the respective financial quarters under review and the financial period to-date.

5. At their Meeting held on 23 February 2018, the AC reviewed the external auditors' Audit Planning Memorandum for the financial year ending 31 March 2018 outlining their work scope and proposed fees for the statutory audit and review of Statement on Risk Management and Internal Control. The external auditors in their 2018 Audit Planning Memorandum also presented to the AC their engagement team, audit timeline, areas of audit emphasis, Accounting Standards updates, amendments to Listing Requirements, sample draft of Independent Auditors' Report and indicators of Going Concern. The AC approved the 2018 Audit Planning Memorandum for implementation.

6. At their Meeting held on 25 August 2017 and 23 November 2017, the internal auditors presented their internal audit report in relation to the review of the internal control systems of Nouvelle Hotel (Kulai) Sdn. Bhd.. Management also reported on the Group's risk management and internal control system at both meetings. The internal auditors presented the Internal Audit Strategy and Planning Memorandum to the AC for the financial year ending 31 March 2018 at the AC meeting on 23 November 2017.

7. The AC receives and discusses the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on areas to be improved in the systems of internal control and the Management responses on those issues. The AC monitors the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed.

8. At every quarterly meeting, there is an agenda to discuss on related party transactions (if any). During the financial year ended 31 March 2018, the AC noted that there were no related party transactions.

9. At every quarterly meeting, the schedule showing the advances made to the subsidiaries of the Company and the repayments from the subsidiaries are tabled to the AC for notation and discussion.

10. The AC is kept abreast on the Group's compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements through updates received from the external auditors and the company secretary.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced the Internal Audit function to IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2018. The responsibility of the Internal Auditors is to review the Group's system of internal control and report its adequacy, effectiveness and efficiency to the AC. The Internal Auditors adopt a risk based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach draws the Internal Auditors' attention towards gaining an understanding of the Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach entails understanding on how the business risks translate to audit risks, and communicating value added input to the management through the audit process. Whenever required, the Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial year ended 31 March 2018, the internal audit work carried out for Sanbumi Group was the review of the internal control systems of Nouvelle Hotel (Kulai) Sdn. Bhd. which covered different areas such as purchasing and accounts payable, inventory control management, property, plant and equipment, housekeeping, safety and security, sales processing procedure, cash and bank management, human resource management, repair and maintenance, management information system and front office.

In the internal audit report, the findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting controls but also cover certain key operational and management control areas.

During the quarterly meetings, the Internal Auditors also go through with the AC the update status on the implementation of their recommendations by the Management.

DIRECTORS' Responsibility Statement

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are required to prepare financial statements for the financial year to give a true and fair view of the state of affairs of the Group and the Company in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. In preparing the financial statements, the Directors have:-

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made appropriate accounting estimates where applicable that are prudent, just and reasonable;
- ensured accounting and other records are properly kept to enable the preparation of financial statements with reasonable accuracy;
- ensured that the Company and the Group have taken reasonable and appropriate steps to detect and/or prevent fraud and other irregularities; and
- ensured adequate system of internal control is in place to safeguard the interest of the Group through prevention and detection of fraud and other irregularities.

Sustainability Statement

TOURISM SERVICES AND HOTEL

The Company's Board of Directors acknowledge the corporate requirements and the important role to be played in corporate social responsibility. The Company strives to achieve the expectation of its stakeholders through its social environmental, operational and economical performances while ensuring the sustainability and operational success of the Company.

In carrying out this important role, the Company practises and focuses on the following areas:

1. Refurbish and Maintenance of Hotel

1.1 We strive to design and deliver our hospitality services to meet the budget hotel criteria whilst providing an exceptional level of comfort.
1.2 The design standard support our superior service delivery and provide its foundation for efficient usage and operation of energy, water, waste and safety management.
1.3 Use of sustainable and low emission materials.

2. Operation

2.1 We strive to deliver quality standards in the most sustainable and cost-effective method.
2.2 We also commit to implement an achievable and sustainable management and practices and to delivering continuous improvement through discipline and applying the suitable technology.
2.3 To develop guidance to help operations and improve waste management practices.

3. Supply Chain

3.1 We seek opportunities to delight customers whilst controlling cost.
3.2 We address the sustainability risks in our supply chains with the objective of minimising negative environment and social impacts in our procurement decision making.
3.3 We will make preference to source locally and from sustainable sources so as to support the local communities and environment and, in the process, can reduce our carbon and water footprints.
3.4 We seek to use environmentally friendly and cleaning products.
3.5 Leverage technology further to reduce paper use.

4. Guest Experience

4.1 We strive to offer unique experiences, timeless glamour and facilities, all designed to enrich, enhance and create everlasting memories for our guests while respecting the environment of hotel.
4.2 Our service is genuine and innovative and committed to good quality in everything we offer.
4.3 To enhance our digital presence to meet our customers' expectations
4.4 To expand our offerings to cater for all types of families and tourist groups.

5. Employees

5.1 We create a culture of engaged and loyal employees and are passionate in delivering exceptional service.
5.2 We are committed to the health and safety of our employees and endeavour to nurture them to make a positive impact on our customers, community and the environment.
5.3 To organise or provide training programmes for management and operational staff.

STATEMENT ON Risk Management and Internal Control

(Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. REGULATORY FRAMEWORK

Sanbumi Group is committed to embrace the Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Statement describes the risk management and internal control system practised throughout the business operations of the Group in general, and the processes that made up the framework in particular.

2. ACCOUNTABILITY OF THE BOARD

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its adequacy and integrity.

In establishing the Group's system of risk management and internal control, the following criteria are taken into consideration:-

- Systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.
- The system is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The Board has not formed a formal Risk Management Committee due to the lack of resources. Nevertheless, the AC with the assistance of the Senior Management periodically reviews the risk management framework of the Group. The ongoing process for identifying, evaluating and establishing mitigating procedures for new and significant risk identified within the operations as a result of changes in business environment and regulatory requirements and periodically reviewed by the AC and Board.

The Board delegates to the senior management, the implementation of the systems of risk management and internal control within an established framework throughout the Group. The Management together with the internal auditors are in the process of updating the Group's Enterprise Risk Management framework periodically.

3. AN INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The main features of the Group's risk management and internal control system are as follows:-

3.1 Financial reports are presented to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.

3.2 Budgets for all active operating units are prepared annually and periodic review is carried out together with the Management. The results are communicated to the Board on a timely basis.

3.3 A defined organisational and hierarchical structure outlining the line of reporting and job responsibilities at the operational level.

3.4 In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation process.

3. AN INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

3.5 The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address any internal control weaknesses identified.

3.6 Regular reporting made to the Board at its meetings on corporate and accounting developments, in turn facilitates the prioritisation of risk related issues for the Sanbumi Group to plan its resources and address the risk accordingly.

4. INTERNAL AUDIT

The Internal audit function highlights issues to executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the adequacy and effectiveness of the system of risk management and internal control in operation and reports the results thereon to the Board.

The Internal Audit function of the Group is outsourced to IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2018. Internal audits were conducted on the internal control system of the Sales Processing Procedure, Cash and Bank Management, Human Resource Management, Repair & Maintenance, Management Information System, Purchasing and Accounts Payable, Inventory Control Management, Property, Plant and Equipment, Housekeeping and Safety & Security of the Group's tourism business operations for the financial year ended 31 March 2018.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2018 was RM29,169.40.

5. EFFECTIVENESS OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that the existing system of risk management and internal control is sound and adequate to safeguard the Group's assets at the existing level of operations. Consequently, there were no material internal control aspects of any significance that had arisen during the financial year and up to the date of this report.

The Board has received assurance from the Managing Director and the Finance Manager that the Group's risk management and internal control system is operating adequately, in all material aspects, based on the risk management and internal control framework of the Group.

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate.

Financial Report

Annual Report 2018

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for the change in the principal activity for Sanbumi Sawmill Sdn. Bhd., a wholly owned subsidiary. Details of the changes are set out in Note 8 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(4,928)	(3,061)
Attributable to:-		
Owners of the Company	(4,930)	(3,061)
Non-controlling interests	2	-
	(4,928)	(3,061)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

Directors' Report

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

Dato' Ir. Zainurin Bin Karman
Dato' Chua Tiong Moon*
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil*
Lim Thian Loong
Lee See Hong
Chu Yoke Loong*

* Directors of the Company and its subsidiaries.

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

Chai Kim Chong
Chua Yin Seng
Lee Meow Soon
Selvakumaran A/L P. Sathasivam

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.4.2017	Bought	Sold	At 31.3.2018
Direct Interests in the Company				
Dato' Chua Tiong Moon	24,310,362	-	-	24,310,362
Chu Yoke Loong	13,060,000	-	-	13,060,000
Indirect Interest in the Company				
Dato' Chua Tiong Moon#	2,198,113	-	-	2,198,113

Deemed interest by virtue of his direct substantial shareholding in Equal Accord Sdn. Bhd.

By virtue of their shareholdings in the Company, Dato' Chua Tiong Moon and Chu Yoke Loong are deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interests in shares and debentures in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 29 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM3,000,000 and RM12,085 respectively. There is no indemnity given to or professional indemnity insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENT

The significant event is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 26 to the financial statements.

Signed in accordance with a resolution of the directors dated 6 July 2018

Dato' Ir. Zainurin Bin Karman

Dato' Chua Tiong Moon

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Ir. Zainurin Bin Karman and Dato' Chua Tiong Moon, being two of the directors of Sanbumi Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 47 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 6 July 2018

Dato' Ir. Zainurin Bin Karman

Dato' Chua Tiong Moon

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Chua Tiong Moon, being the director primarily responsible for the financial management of Sanbumi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Dato' Chua Tiong Moon,
at Kuala Lumpur
in the Federal Territory
on this 6 July 2018

Dato' Chua Tiong Moon

Before me

Lai Din (No. W-668)
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)
Company No : 8386-P

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sanbumi Holdings Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 108.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

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

<table>
<tr><td colspan="2">Impairment of property, plant and equipment
Refer to Note 5 to the financial statements</td></tr>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>We focus on this area because the determination of whether property, plant and equipment ("PPE") are impaired may involve subjective judgement by the Directors. PPE of the Group comprised mainly of freehold land and buildings.

As disclosed in Note 5 to the financial statements, the Group's freehold land and buildings are stated at fair value.

The fair value of the freehold land and buildings were determined by an independent firm of professional valuers appointed by the Group.</td><td>• Our procedures in relation to management's impairment assessment included:-

- Evaluating the independence, capabilities and objectivity of the professional valuer;

- Assessing the appropriateness of the valuation model, property related data, including estimates used by the professional valuer; and

- Assessing the reasonableness of the assumptions used in the valuation and judgements made.</td></tr>
</table>

<table>
<tr><td colspan="2">Recoverability of trade receivables
Refer to Note 13 to the financial statements</td></tr>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>We focused on this area because there are indications of impairment in relation to the recoverability of receivables.

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired, by considering the factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments; and expectations of future cash flows arising from the receivable.</td><td>• Our procedures in relation to management's impairment assessment included:-

- Circularisation of receivables for confirmation of balances;

- Reviewing the ageing analysis of receivables and testing the reliability thereof;

- Reviewing subsequent cash collections for major receivables and overdue amounts; and

- Testing the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy.</td></tr>
</table>

Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)
Company No : 8386-P

Key Audit Matters (Cont'd)

Valuation of investment properties Refer to Note 7 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
We focus on this area because the determination fair value of investment properties ("IP") may involve subjective judgement made by the Directors. As disclosed in Note 7 to the financial statements, the Group's investment properties are stated at fair value. The fair values of the investment properties are derived based on valuation reference to valuation report by an independent professional valuer. The independent professional valuer used the Comparison Method by estimating the current market value of the subject property with vacant possession, title being good, registrable, marketable and free from all encumbrances, endorsement, statutory notices and outgoings.	• Our procedures in relation to management's impairment assessment included:- - Evaluating the independence, capabilities and objectivity of the professional valuer; - Assessing the appropriateness of the methodologies used and the appropriateness of the key assumptions; and - Assessing the reasonableness of the assumptions used in the valuation and judgements made.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As 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.

- 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.

Independent Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)
Company No : 8386-P

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Ung Voon Huay
Approval No: 03233/09/2018J
Chartered Accountant

6 July 2018

Kuala Lumpur

STATEMENTS OF Financial Position

At 31 March 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	**51,095**	71,111	**16,041**	14,347
Prepaid lease payments	6	**507**	740	**-**	-
Investment properties	7	**6,690**	6,120	**6,690**	6,120
Investments in subsidiaries	8	**-**	-	**31,305**	32,692
Investment in an associate	9	**-**	-	**-**	-
Amount owing by subsidiaries	10	**-**	-	**-**	-
		58,292	77,971	**54,036**	53,159
CURRENT ASSETS					
Inventories	11	**2,150**	1,918	**-**	-
Development costs	12	**26,017**	-	**-**	-
Trade receivables	13	**2,549**	4,523	**97**	60
Other receivables, deposits and prepayments	14	**3,102**	6,446	**186**	230
Amount owing by subsidiaries	10	**-**	-	**28,063**	25,827
Amount owing by an associate	15	**12**	4	**12**	4
Current tax assets		**455**	146	**74**	38
Fixed deposits with licensed banks	16	**5,843**	6,767	**1,500**	5,500
Cash and bank balances		**2,558**	2,809	**15**	97
		42,686	22,613	**29,947**	31,756
TOTAL ASSETS		**100,978**	100,584	**83,983**	84,915

Statements of Financial Position

At 31 March 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Company 2018 RM'000	The Company 2017 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**22,637**	22,637	**22,637**	22,637
Retained profits		**16,487**	21,417	**27,818**	30,879
Other reserves	18	**44,439**	40,525	**30,638**	28,976
Equity attributable to owners of the Company		**83,563**	84,579	**81,093**	82,492
Non-controlling interests		**(113)**	89	**-**	-
TOTAL EQUITY		**83,450**	84,668	**81,093**	82,492
NON-CURRENT LIABILITIES					
Term loan	19	**3,576**	3,818	**-**	-
Deferred tax liabilities	20	**4,501**	3,747	**948**	830
		8,077	7,565	**948**	830
CURRENT LIABILITIES					
Trade payables	21	**1,525**	1,157	**-**	-
Other payables and accruals	22	**7,298**	6,833	**491**	485
Amount owing to subsidiaries	10	**-**	-	**1,451**	1,108
Term loan	19	**239**	227	**-**	-
Current tax liabilities		**389**	134	**-**	-
		9,451	8,351	**1,942**	1,593
TOTAL LIABILITIES		**17,528**	15,916	**2,890**	2,423
TOTAL EQUITY AND LIABILITIES		**100,978**	100,584	**83,983**	84,915

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

STATEMENTS OF Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
REVENUE	23	**48,149**	45,142	**491**	456
COST OF SALES	24	**(40,503)**	(36,753)	**-**	-
GROSS PROFIT		**7,646**	8,389	**491**	456
OTHER INCOME	25	**1,959**	2,260	**657**	937
		9,605	10,649	**1,148**	1,393
ADMINISTRATIVE EXPENSES	26	**(9,488)**	(12,044)	**(1,812)**	(1,796)
OTHER EXPENSES	27	**(4,351)**	(3,789)	**(2,366)**	(1,762)
FINANCE COSTS	28	**(342)**	(360)	**(1)**	(1)
LOSS BEFORE TAXATION		**(4,576)**	(5,544)	**(3,031)**	(2,166)
INCOME TAX EXPENSE	30	**(352)**	(324)	**(30)**	(17)
LOSS AFTER TAXATION		**(4,928)**	(5,868)	**(3,061)**	(2,183)
OTHER COMPREHENSIVE INCOME, NET OF TAX	31				
Items that Will Not Be Reclassified Subsequently to Profit or Loss					
Revaluation of properties		**4,638**	1,604	**1,750**	1,050
Effects of deferred tax on revaluation of properties		**(724)**	(128)	**(88)**	(52)
		3,914	1,476	**1,662**	998
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		**(1,014)**	(4,392)	**(1,399)**	(1,185)

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

Statements of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 March 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**(4,930)**	(5,870)	**(3,061)**	(2,183)
Non-controlling interests		**2**	2	**-**	-
		(4,928)	(5,868)	**(3,061)**	(2,183)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		**(1,016)**	(4,394)	**(1,399)**	(1,185)
Non-controlling interests		**2**	2	**-**	-
		(1,014)	(4,392)	**(1,399)**	(1,185)
LOSS PER SHARE (SEN)	32				
- Basic		**(2.18)**	(2.78)		
- Diluted		**(2.18)**	(2.78)		

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

STATEMENTS OF Changes in Equity

For the financial year ended 31 March 2018

The Group	Share Capital RM'000	← Share Premium RM'000	Non - Distributable Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000 →	Distributable (Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1.4.2016	17,413	3,418	1,582	18,161	15,105	27,287	82,966	87	83,053
Loss after taxation for the financial year	-	-	-	-	-	(5,870)	(5,870)	2	(5,868)
Other comprehensive income for the financial year:									
- Revaluation of properties	-	-	-	1,604	-	-	1,604	-	1,604
- Effects of deferred tax on revaluation of properties	-	-	-	(128)	-	-	(128)	-	(128)
Total comprehensive expenses for the financial year	-	-	-	1,476	-	(5,870)	(4,394)	2	(4,392)
Balance carried forward	17,413	3,418	1,582	19,637	15,105	21,417	78,572	89	78,661
Balance brought forward	17,413	3,418	1,582	19,637	15,105	21,417	78,572	89	78,661
Contributions by and distributions to owners of the Company:									
- Issued during the year	5,224	783	-	-	-	-	6,007	-	6,007
Total transactions with owners	5,224	783	-	-	-	-	6,007	-	6,007
Balance at 31.3.2017	22,637	4,201	1,582	19,637	15,105	21,417	84,579	89	84,668

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

Statements of Changes in Equity
For the financial year ended 31 March 2018

The Group	Non - Distributable					Distributable			
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 31.3.2017/ 1.4.2017	22,637	4,201	1,582	19,637	15,105	21,417	84,579	89	84,668
Loss after taxation for the financial year	-	-	-	-	-	(4,930)	(4,930)	2	(4,928)
Other comprehensive income for the financial year:									
- Revaluation of properties	-	-	-	4,638	-	-	4,638	-	4,638
- Effects of deferred tax on revaluation of properties	-	-	-	(724)	-	-	(724)	-	(724)
Total comprehensive expenses for the financial year	-	-	-	3,914	-	(4,930)	(1,016)	2	(1,014)
Balance carried forward	22,637	4,201	1,582	23,551	15,105	16,487	83,563	91	83,654
Balance brought forward	22,637	4,201	1,582	23,551	15,105	16,487	83,563	91	83,654
Changes in subsidiaries' ownership interests	-	-	-	-	-	-	-	(204)	(204)
Balance at 31.3.2018	**22,637**	**4,201**	**1,582**	**23,551**	**15,105**	**16,487**	**83,563**	**(113)**	**83,450**

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

Statements of Changes in Equity
For the financial year ended 31 March 2018

The Company	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
	← Non - Distributable			→		
Balance at 1.4.2016	17,413	3,418	8,672	15,105	33,062	77,670
Loss after taxation for the financial year	-	-	-	-	(2,183)	(2,183)
Other comprehensive income for the financial year:						
- Revaluation of property	-	-	1,050	-	-	1,050
- Effects of deferred tax on revaluation of properties	-	-	(52)	-	-	(52)
Total comprehensive expenses for the financial year	-	-	998	-	(2,183)	(1,185)
Contributions by and distributions to owners of the Company						
- Issued during the financial year	5,224	783	-	-	-	6,007
Total transactions with owners	5,224	783	-	-	-	6,007
Balance at 31.3.2017	22,637	4,201	9,670	15,105	30,879	82,492
Balance at 31.3.2017/1.4.2017	22,637	4,201	9,670	15,105	30,879	82,492
Loss after taxation for the financial year	-	-	-	-	(3,061)	(3,061)
Other comprehensive income for the financial year:						
- Revaluation of property	-	-	1,750	-	-	1,750
- Effects of deferred tax on revaluation of properties	-	-	(88)	-	-	(88)
Total comprehensive expenses for the financial year	-	-	1,662	-	(3,061)	(1,399)
Balance at 31.3.2018	**22,637**	**4,201**	**11,332**	**15,105**	**27,818**	**81,093**

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

STATEMENTS OF Cash Flows

For the financial year ended 31 March 2018

		The Group		The Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
Loss before taxation		**(4,576)**	(5,544)	**(3,031)**	(2,166)
Adjustments for:-					
Amortisation of prepaid lease payments		**233**	233	**-**	-
Bad debts written off:					
- third party		**-**	287	**-**	-
Depreciation of property, plant and equipment		**2,110**	3,112	**62**	75
Impairment loss:					
- investments in subsidiaries		**-**	-	**1,537**	723
- amount owing by subsidiaries		**-**	-	**767**	964
- trade and other receivables		**1,980**	230	**-**	-
Inventories written down		**-**	217	**-**	-
Interest expense		**342**	360	**1**	1
Property, plant and equipment written off		**320**	226	**-**	-
Fair value gain on investment properties		**(570)**	(285)	**(570)**	(285)
Gain on disposal of equipment		**(5)**	(31)	**-**	-
Interest income		**(224)**	(401)	**(87)**	(352)
Reversal of impairment losses on trade receivables		**(91)**	(4)	**-**	-
Reversal on impairment on amount owing by a subsidiary		**-**	-	**-**	(300)
Reversal of inventories written down		**(39)**	(100)	**-**	-
Operating loss before working capital changes		**(520)**	(1,700)	**(1,321)**	(1,340)
Increase in inventories		**(193)**	(31)	**-**	-
Increase in development costs		**(3,764)**	-	**-**	-
Decrease/(Increase) in trade and other receivables		**3,375**	(2,769)	**7**	(33)
Increase/(Decrease) in trade and other payables		**833**	44	**6**	(2)
CASH FOR OPERATIONS/BALANCE CARRIED FORWARD		**(269)**	(4,456)	**(1,308)**	(1,375)

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

Statements of Cash Flows

For the financial year ended 31 March 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Company 2018 RM'000	The Company 2017 RM'000
CASH FOR OPERATIONS/BALANCE BROUGHT FORWARD		**(269)**	(4,456)	**(1,308)**	(1,375)
Income tax paid		**(378)**	(395)	**(36)**	(38)
Income tax refunded		**2**	109	**-**	41
Interest paid		**(342)**	(360)	**(1)**	(1)
Interest received		**224**	401	**87**	352
NET CASH FOR OPERATING ACTIVITIES		**(763)**	(4,701)	**(1,258)**	(1,021)
CASH FLOWS FOR INVESTING ACTIVITIES					
Investment in subsidiaries		**-**	-	**(150)**	-
Advances to subsidiaries		**-**	-	**(3,003)**	(9,076)
Advances to an associate		**(8)**	(4)	**(8)**	(4)
Purchase of property, plant and equipment		**(29)**	(4,081)	**(6)**	-
Proceeds from disposal of equipment		**5**	31	**-**	-
Decrease in placement of deposits with licensed bank with maturity of more than three months		**3,996**	3,296	**4,000**	3,300
NET CASH FROM/(FOR) INVESTING ACTIVITIES		**3,964**	(758)	**833**	(5,780)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Additional investment in an existing subsidiary		**(150)**	-	**-**	-
Advances from subsidiaries		**-**	-	**343**	594
Proceeds from issuance of shares		**-**	6,007	**-**	6,007
Repayment of hire purchase obligations		**-**	(18)	**-**	-
Repayment of term loan		**(230)**	(210)	**-**	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		**(380)**	5,779	**343**	6,601
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,821**	320	**(82)**	(200)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**3,013**	2,693	**97**	297
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	**5,834**	3,013	**15**	97

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

NOTES TO THE Financial Statements

For the financial year ended 31 March 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 July 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except for the change in the principal activity for Sanbumi Sawmill Sdn. Bhd., a wholly owned subsidiary. Details of the changes are set out in Note 8 to the financial statements.

3. BASIS OF PREPARATION

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

(a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 April 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

3. BASIS OF PREPARATION (CONT'D)

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

(a) Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

<u>Classification and Measurement</u>

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

<u>Impairment of Financial Assets</u>

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

(b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purpose of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The application of MFRS 15 does not have a material effect on the Group's financial statements.

(c) The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Depreciation of Property, Plant and Equipment

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

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

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

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

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

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 13 to the financial statements.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates. The carrying amount of investment properties as at the reporting date is disclosed in Note 7 to the financial statements.

4.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

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

4.3 FINANCIAL INSTRUMENTS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

(a) Financial Assets

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

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

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

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

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

(ii) Loans and Receivables Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Loans and Receivables Financial Assets (Cont'd)

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

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

(iii) Held-to-maturity Investments

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

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

(iv) Available-for-sale Financial Assets

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

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

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(d) Derecognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(e) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

4.4 BASIS OF CONSOLIDATION

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

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

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The acquisitions resulted in a business combination involving common control entities are outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combination.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 BASIS OF CONSOLIDATION (CONT'D)

(a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statues do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

(b) Acquisition Method of Accounting for Non-common Control Business Combinations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 BASIS OF CONSOLIDATION (CONT'D)

(c) Non-Controlling Interests

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

(d) Changes In Ownership Interests in Subsidiaries without Change of Control

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

(e) Loss of Control

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

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

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

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

4.5 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 GOODWILL (CONT'D)

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associates.

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2018. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Freehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

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

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

Buildings	2% - 10%
Leasehold land	Over the lease period of 78 years
Mobile cranes and heavy vehicles	5% - 10%
Motor vehicles and forklifts	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 33%

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

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

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

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

4.10 PREPAID LEASE PAYMENTS

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the remaining lease terms.

4.11 INVESTMENT PROPERTIES

Investment properties are properties which are owned or under a leasehold interest held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss.

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

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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

4.13 DEVELOPMENT COSTS

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

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

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the development revenue is recognised only to the extent of development costs incurred that will be recoverable.

4.14 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

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

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expenses item whichever is applicable.

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

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

4.15 BORROWING COSTS

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 CASH AND CASH EQUIVALENTS

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

4.17 PROVISIONS

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

4.18 REVENUE RECOGNITION

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(b) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Interest Income

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

(d) Rental and Management Fees

Rental and management fees are recognised on an accrual basis.

4.19 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 EMPLOYEE BENEFITS (CONT'D)

(b) Defined Contribution Plans

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

(c) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

4.20 EARNINGS PER ORDINARY SHARE

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

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

4.21 OPERATING SEGMENTS

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

4.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements
For the financial year ended 31 March 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 FAIR VALUE MEASUREMENTS (CONT'D)

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

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

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

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

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

5. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land and Buildings RM'000	Leasehold Land RM'000	Motor Vehicles and Forklifts RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
2018					
Net book value					
At 1.4.2017	57,074	8,687	1,652	3,698	71,111
Additions	-	-	-	29	29
Revaluation surplus	2,312	2,326	-	-	4,638
Transfer (Note 12)	(22,253)	-	-	-	(22,253)
Writeoff	-	-	(9)	(311)	(320)
Depreciation charges	(309)	(113)	(383)	(1,305)	(2,110)
At 31.3.2018	36,824	10,900	1,260	2,111	51,095

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

The Group	Freehold Land and Buildings RM'000	Leasehold Land RM'000	Motor Vehicles and Forklifts RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
2017					
Net book value					
At 1.4.2016	52,062	8,800	2,545	5,357	68,764
Additions	4,022	-	-	59	4,081
Revaluation surplus	1,604	-	-	-	1,604
Writeoff	-	-	-	(226)	(226)
Depreciation charges	(614)	(113)	(893)	(1,492)	(3,112)
At 31.3.2017	57,074	8,687	1,652	3,698	71,111

The Group	Freehold Land and Buildings RM'000	Leasehold Land RM'000	Mobile Crane and Heavy Vehicles RM'000	Motor Vehicles and Forklifts RM'000	Office Equipment, Renovation, Furniture and Fittings RM'000	Total RM'000
2018						
At cost	**-**	**-**	**-**	**8,566**	**46,740**	**55,306**
At valuation	**38,801**	**11,291**	**-**	**-**	**-**	**50,092**
Accumulated impairment losses	**-**	**-**	**-**	**(9)**	**(22,654)**	**(22,663)**
Accumulated depreciation	**(1,977)**	**(391)**	**-**	**(7,297)**	**(21,975)**	**(31,640)**
Net book value	**36,824**	**10,900**	**-**	**1,260**	**2,111**	**51,095**
2017						
At cost	-	-	208	9,440	47,578	57,226
At valuation	59,711	8,800	-	-	-	68,511
Accumulated impairment losses	-	-	(90)	(30)	(22,717)	(22,837)
Accumulated depreciation	(2,637)	(113)	(118)	(7,758)	(21,163)	(31,789)
Net book value	57,074	8,687	-	1,652	3,698	71,111

Notes to the Financial Statements
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5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Freehold Land and Buildings RM'000	Motor Vehicle RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
2018				
Carrying amount				
At 1.4.2017	**14,322**	**12**	**13**	**14,347**
Additions	**-**	**-**	**6**	**6**
Revaluation surplus	**1,750**	**-**	**-**	**1,750**
Depreciation charges	**(47)**	**(12)**	**(3)**	**(62)**
At 31.3.2018	**16,025**	**-**	**16**	**16,041**
2017				
Carrying amount				
At 1.4.2016	13,319	37	16	13,372
Additions	-	-	-	-
Revaluation surplus	1,050	-	-	1,050
Depreciation charges	(47)	(25)	(3)	(75)
At 31.3.2017	14,322	12	13	14,347
2018				
At cost	**-**	**125**	**787**	**912**
At valuation	**17,007**	**-**	**-**	**17,007**
Accumulated depreciation	**(982)**	**(125)**	**(771)**	**(1,878)**
Carrying amount	**16,025**	**-**	**16**	**16,041**
2017				
At cost	-	125	781	906
At valuation	15,257	-	-	15,257
Accumulated depreciation	(935)	(113)	(768)	(1,816)
Carrying amount	14,322	12	13	14,347

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

(a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM NIL (2017 - RM358,917), which were acquired under hire purchase terms.

(b) Certain freehold land and buildings of the Group with a total net book value of RM13,800,000 (2017 - RM13,800,000) have been pledged to a licensed bank as security for banking facilities granted to the Group.

(c) During the financial year, the Group's freehold and leasehold land and buildings have been revalued by an independent professional valuer. The surpluses arising from the revaluation, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

(d) The details of the Group's property, plant and equipment carried at fair value are analysed as follows:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018				
Freehold land and buildings	**-**	**38,801**	**-**	**38,801**
Short-term leasehold land	**-**	**11,291**	**-**	**11,291**
	-	**50,092**	**-**	**50,092**
2017				
Freehold land and buildings	-	59,711	-	59,711
Short-term leasehold land	-	8,800	-	8,800
	-	68,511	-	68,511

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

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

6. PREPAID LEASE PAYMENTS

	The Group	
	2018 RM'000	2017 RM'000
At cost	**2,100**	2,100
Accumulated amortisation	**(1,593)**	(1,360)
Net book value	**507**	740

Accumulated amortisation:-

At 1 April 2017/2016	**(1,360)**	(1,127)
Amortisation for the financial year	**(233)**	(233)
At 31 March	**(1,593)**	(1,360)

The prepaid lease payments of the Group represent lease payments to a third party to carry out trading business in the premises of the third party.

7. INVESTMENT PROPERTIES

	The Group/The Company	
	2018 RM'000	2017 RM'000
Freehold land and buildings, at fair value		
At 1 April 2017/2016	**6,120**	5,835
Fair value adjustment	**570**	285
At 31 March	**6,690**	6,120

(a) Investment properties represent commercial properties leased to third parties.

Included in the statements of comprehensive income relating to investment properties during the financial year are the following items:-

	The Group/The Company	
	2018 RM'000	2017 RM'000
Rental income	**320**	291
Direct operating expenses	**64**	69

7. INVESTMENT PROPERTIES (CONT'D)

(b) Investment properties are stated at fair value, which have been determined based on valuations performed by an independent valuer at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

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

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

8. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2018 RM'000	**2017 RM'000**
Unquoted shares, at cost	**136,340**	136,190
Accumulated impairment losses:-		
At 1 April 2017/2016	**(103,498)**	(102,775)
Addition during the financial year	**(1,537)**	(723)
At 31 March	**(105,035)**	(103,498)
	31,305	32,692

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Subsidiaries	Effective Equity Interest held by The Company 2018 %	The Company 2017 %	Subsidiary 2018 %	Subsidiary 2017 %	Principal Activities
Sanbumi Sawmill Sdn. Bhd.	**100**	100	**-**	-	Property development.*
Akalaju Sdn. Bhd.	**100**	100	**-**	-	Dormant.
EMC Cranes Sdn. Bhd.	**100**	100	**-**	-	Dormant.
EMC Cranes (KL) Sdn. Bhd.	**100**	78.50	**-**	-	Dormant.
EMC Capital Sdn. Bhd.	**100**	100	**-**	-	Insurance agent.
EMC Containers Sdn. Bhd.	**70**	70	**-**	-	Dormant.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (Cont'd):-

Name of Subsidiaries	Effective Equity Interest held by The Company 2018 %	The Company 2017 %	Subsidiary 2018 %	Subsidiary 2017 %	Principal Activities
Sanbumi Capital Sdn. Bhd.	**100**	100	**-**	-	Investment holding.
EMC Marketing Sdn. Bhd.	**100**	100	**-**	-	Trading in industrial supplies and lubricants.
Subsidiaries of Sanbumi Sawmill Sdn. Bhd.					
- Sanbumi Development Sdn. Bhd.	**-**	-	**100**	100	Dormant.
- Mirim Timber Sdn. Bhd.	**-**	-	**100**	100	Dormant.
Subsidiaries of Sanbumi Capital Sdn. Bhd.					
- Sanbumi Holiday Sdn. Bhd.	**-**	-	**100**	100	Travel agent.
- Sanbumi Air Transport Sdn. Bhd.	**-**	-	**100**	100	Carrier, transport provider, and travel agent.
- Pewter Art Industries (M) Sdn. Bhd.	**-**	-	**100**	100	Trading in pewterware and souvenirs.
- Tourism Information Centre Sdn. Bhd.	**-**	-	**100**	100	Trading in local products, operating restaurant and engaged in business relating to tourism industry.
- Sri Dondang Restaurant Sdn. Bhd.	**-**	-	**100**	100	Dormant.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows (Cont'd):-

Name of Subsidiaries	Effective Equity Interest held by The Company 2018 %	The Company 2017 %	Subsidiary 2018 %	Subsidiary 2017 %	Principal Activities
Subsidiaries of Sanbumi Capital Sdn. Bhd.					
- Fine Taste Products (KL) Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Nouvelle Hotel Sdn. Bhd.	**-**	-	**100**	100	Hotelier.
- Fine Taste Products Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Sinoreno Jewellery Sdn. Bhd.	**-**	-	**100**	100	Trading in costume jewellery primarily relating to tourism industry.
-Tropiks Products Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Fine Pewterware (KL) Sdn. Bhd.	**-**	-	**100**	100	Trading in pewterware and souvenirs.
- Nouvelle Restaurant Sdn. Bhd.	**-**	-	**100**	100	Dormant.
- Nouvelle Hotel (KL) Sdn. Bhd.	**-**	-	**100**	100	Hotelier.
- Nouvelle Hotel (Kulai) Sdn. Bhd.	**-**	-	**100**	100	Hotelier.

* The Company was previously engaged in the business of sawmilling and trading in timber logs but had temporarily ceased its business operation since 2013.

(a) During the financial year, the Company has carried out its review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM1,537,000 (2017 - RM723,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 27 to the financial statements.

9. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unquoted shares, at cost	**637**	637	**637**	637
Accumulated impairment loss	**-**	-	**(637)**	(637)
	637	637	**-**	-
Share of post-acquisition losses	**(637)**	(637)	**-**	-
	-	-	**-**	-

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Associate	Effective Equity Interest		Principal Activity
	2018 %	**2017 %**	
Ferrotrans Sdn. Bhd.	**49**	49	Dormant.

(a) The summarised financial information of the associate is as follows:-

	2018 RM'000	**2017 RM'000**
Assets and Liabilities		
Current assets	**57**	56
Current liabilities	**1,425**	1,419
Results		
Loss for the financial year	**(6)**	(5)

(b) The Group has not recognised losses relating to Ferrotrans Sdn. Bhd., where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM52,753 (2017 - RM49,994). The Group has no obligation in respect of these losses.

10. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2018	**2017**
	RM'000	**RM'000**
Amount Owing by Subsidiaries		
Non-current		
Long-term advances	**7,500**	7,500
Allowance for impairment losses:-		
At 1 April 2017/2016	**(7,500)**	(7,800)
Reversal during the financial year	**-**	300
At 31 March	**(7,500)**	(7,500)
	-	-
Current		
Non-trade balances	**54,389**	51,386
Allowance for impairment losses:-		
At 1 April 2017/2016	**(25,559)**	(24,595)
Addition during the financial year	**(767)**	(964)
At 31 March	**(26,326)**	(25,559)
	28,063	25,827
Amount Owing to Subsidiaries		
Current		
Non-trade balances	**(1,451)**	(1,108)

(a) Long-term advances represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The long-term advances are stated at cost less accumulated impairment losses, if any.

(b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

Notes to the Financial Statements
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11. INVENTORIES

	The Group	
	2018 RM'000	2017 RM'000
Goods held for resale	**2,150**	1,918
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**6,573**	5,767
Inventories written down	**-**	217
Reversal of inventories written down	**(39)**	(100)

12. DEVELOPMENT COSTS

	The Group	
	2018 RM'000	2017 RM'000
Cost:-		
At 1 April	**-**	-
Additions during the financial year	**3,764**	-
Transfer from property, plant and equipment (Note 5)	**22,253**	-
At 31 March	**26,017**	-

13. TRADE RECEIVABLES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	**7,259**	8,523	**237**	200
Allowance for impairment losses:-				
At 1 April 2017/2016	**(4,000)**	(3,689)	**(140)**	(140)
Addition during the financial year	**(801)**	(230)	**-**	-
Writeoff during the financial year	**-**	(85)	**-**	-
Reversal during the financial year	**91**	4	**-**	-
At 31 March	**(4,710)**	(4,000)	**(140)**	(140)
	2,549	4,523	**97**	60

The Group's normal trade credit terms range from cash terms to 90 (2017 - 90) days.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables:-				
Third parties	**11,193**	12,177	**1,113**	1,110
Allowance for impairment losses:-				
At 1 April 2017/2016	**(9,227)**	(9,227)	**(961)**	(961)
Addition during the financial year	**(1,179)**	-	**-**	-
	(10,406)	(9,227)	**(961)**	(961)
	787	2,950	**152**	149
Deposits	**1,855**	1,840	**34**	34
Prepayments	**460**	1,656	**-**	47
	3,102	6,446	**186**	230

15. AMOUNT OWING BY AN ASSOCIATE

	The Group/The Company	
	2018 RM'000	2017 RM'000
Amount owing by an associate	**1,032**	1,024
Allowance for impairment losses	**(1,020)**	(1,020)
	12	4

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

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of reporting period bore effective interest rates ranging from 2.95% to 3.70% (2017 - 3.05% to 3.50%) per annum and 3.35% (2017 - 3.45% to 4.10%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 15 (2017 - 1 to 12) months and 15 (2017 - 12) months for the Group and the Company respectively.

Notes to the Financial Statements
For the financial year ended 31 March 2018

17. SHARE CAPITAL

	The Group/The Company			
	2018		2017	
	Number Of Shares '000	Share capital RM'000	Number Of Shares '000	Share capital RM'000
Issued and Fully Paid-Up				
Ordinary shares with no par value (2017 - par value of RM0.10 each)				
At 1 April 2017/2016	**226,373**	**22,637**	174,133	17,413
Issued during the financial year	**-**	**-**	52,240	5,224
At 31 March	**226,373**	**22,637**	226,373	22,637

18. OTHER RESERVES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share premium	**4,201**	4,201	**4,201**	4,201
Revaluation reserve	**23,551**	19,637	**11,332**	9,670
Capital reserve	**1,582**	1,582	**-**	-
Capital redemption reserve	**15,105**	15,105	**15,105**	15,105
	44,439	40,525	**30,638**	28,976

The revaluation reserve comprises:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Surplus on revaluation of property, plant and equipment				
At 1 April 2017/2016	**19,637**	18,161	**9,670**	8,672
Surplus on revaluation	**4,638**	1,604	**1,750**	1,050
Effects of deferred tax on revaluation of properties	**(724)**	(128)	**(88)**	(52)
At 31 March	**23,551**	19,637	**11,332**	9,670

The capital reserve represents post-acquisition profits in subsidiaries utilised for the issue of bonus shares by certain subsidiaries.

18. OTHER RESERVES (CONT'D)

The capital redemption reserve represents amount arising from the cancellation of treasury shares of the Company during the previous financial year.

The other reserves are not distributable by way of dividends.

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

19. TERM LOAN

	The Group	
	2018 RM'000	**2017 RM'000**
Current		
Not later than 1 year	**239**	227
Non-current		
Later than 1 year and not later than 2 years	**263**	248
Later than 2 years and not later than 5 years	**941**	884
Later than 5 years	**2,372**	2,686
	3,576	3,818
	3,815	4,045

(a) The term loan of the Group at the end of the reporting period bore an effective interest rate of 8.79% (2017 - 8.60%) per annum.

(b) The term loan is secured by:-

  (i) a first party legal charge over 3 storey shop offices as disclosed in Note 5(b) to the financial statements;

  (ii) a legal assignment of Rental Proceeds; and

  (iii) a corporate guarantee of the Company.

(c) The term loan is repayable in 179 instalments of RM47,208 each and a final instalment of RM46,902, commencing from December 2011.

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20. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	**3,747**	3,605	**830**	764
Recognised in profit or loss (Note 30)	**30**	14	**30**	14
Recognised in other comprehensive income	**724**	128	**88**	52
At 31 March	**4,501**	3,747	**948**	830

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Accelerated capital allowances over depreciation	**260**	260	**-**	-
Investment properties	**30**	14	**30**	14
Revaluation of land and buildings	**4,211**	3,473	**918**	816
	4,501	3,747	**948**	830

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from cash terms to 90 (2017 - 90) days.

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables:-				
Third parties	**2,370**	3,285	**93**	83
Deposit received	**2,371**	780	**118**	118
Accruals	**2,557**	2,768	**280**	284
	7,298	6,833	**491**	485

23. REVENUE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sale of goods	**38,563**	34,755	**-**	-
Services	**5,085**	8,956	**-**	-
Rental income from land and buildings	**4,501**	1,431	**491**	456
	48,149	45,142	**491**	456

24. COST OF SALES

	The Group	
	2018 RM'000	2017 RM'000
Included in cost of sales are:-		
Inventories written down	**-**	217
Rental of equipment	**2**	7
Rental of premises	**4,350**	3,131
Reversal of inventories written down	**(39)**	(100)
Staff costs:		
- salaries, wages, bonuses and allowances	**403**	1,448
- defined contribution plan	**28**	95
- other benefits	**37**	95

Notes to the Financial Statements
For the financial year ended 31 March 2018

25. OTHER INCOME

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included in other income are:-				
Fair value gain on investment properties (Note 7)	**570**	285	**570**	285
Gain on disposal of property, plant and equipment	**5**	31	**-**	-
Gain on foreign exchange:				
- realised	**157**	177	**-**	-
Interest income on financial assets not at fair value through profit or loss	**224**	401	**87**	352
Rental income from building	**119**	-	**-**	-
Reversal of impairment losses on:				
- amount owing by a subsidiary	**-**	-	**-**	300
- trade receivables	**91**	4	**-**	-

26. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included in administrative expenses are:-				
Auditors' remuneration:				
- current financial year	**188**	188	**55**	55
Rental of equipment	**7**	10	**-**	-
Rental of premises	**638**	593	**97**	86
Staff costs:				
- salaries, wages, bonuses and allowances	**3,070**	3,648	**349**	382
- defined contribution plan	**250**	297	**44**	46
- other benefits	**144**	211	**20**	45

27. OTHER EXPENSES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included in other expenses are:-				
Amortisation of prepaid lease payments (Note 6)	**233**	233	**-**	-
Bad debts written off:				
- third party	**-**	287	**-**	-
Depreciation of property, plant and equipment (Note 5)	**2,110**	3,112	**62**	75
Impairment loss:				
- investments in subsidiaries (Note 8)	**-**	-	**1,537**	723
- amount owing by subsidiaries (Note 10)	**-**	-	**767**	964
- trade receivables (Note 13)	**801**	230	**-**	-
- other receivables (Note 14)	**1,179**	-	**-**	-
Property, plant and equipment written off (Note 5)	**320**	226	**-**	-

28. FINANCE COSTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest of:				
- term loan	**337**	353	**-**	-
- others	**5**	7	**1**	1
	342	360	**1**	1

29. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	**72**	54	**72**	54
- salaries, bonuses and other benefits	**603**	484	**482**	423
	675	538	**554**	477
Defined contribution benefits	**87**	73	**73**	66
	762	611	**627**	543
Non-executive:				
Short-term employee benefits:				
- fees	**144**	144	**144**	144
	906	755	**771**	687
Directors of the Subsidiaries				
Non-executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	**-**	42	**-**	-
Total directors' remuneration	**906**	797	**771**	687

30. INCOME TAX EXPENSE

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax:				
- current financial year	**320**	252	**-**	-
- under/(over)provision in the previous financial year	**2**	58	**-**	3
	322	310	**-**	3
Deferred tax (Note 20):				
- originating and recognition of temporary differences	**30**	14	**30**	14
	352	324	**30**	17

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

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loss before taxation	**(4,576)**	(5,544)	**(3,031)**	(2,166)
Tax at the statutory tax rate of 24%	**(1,098)**	(1,331)	**(727)**	(520)
Tax effects of:-				
Non-deductible expenses	**430**	822	**643**	518
Non-taxable income	**(144)**	(68)	**(144)**	(68)
Utilisation of deferred tax assets not recognised in the previous financial year	**(36)**	(166)	**-**	-
Deferred tax assets not recognised during the financial year	**1,198**	1,009	**258**	84
Underprovision in the previous financial year:				
- current tax	**2**	58	**-**	3
Income tax expense for the financial year	**352**	324	**30**	17

Notes to the Financial Statements
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30. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised on the following items:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	**56,892**	54,397	**3,306**	2,244
Unabsorbed capital allowances	**41,785**	39,892	**1,156**	1,154
Others	**15,490**	15,037	**130**	117
	114,167	109,326	**4,592**	3,515

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

31. OTHER COMPREHENSIVE INCOME

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Items that Will Not be Reclassified Subsequently to Profit or Loss				
Revaluation of property, plant and equipment	**4,638**	1,604	**1,750**	1,050
Less: Deferred tax liabilities	**(724)**	(128)	**(88)**	(52)
	3,914	1,476	**1,662**	998

32. LOSS PER SHARE

	The Group	
	2018 RM'000	2017 RM'000
Loss attributable to owners of the Company (RM'000)	**(4,930)**	(5,870)
Weighted average number of ordinary shares in issue, net of treasury shares ('000)	**226,373**	211,489
Basic loss per share (Sen)	**(2.18)**	(2.78)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

33. CASH AND CASH EQUIVALENTS

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

The Group	Term Loans RM'000
2018	
At 1 April	**3,815**
<u>Changes in Financing Cash Flows</u>	
Repayment from borrowing principal	**(230)**
Repayment from borrowing interests	**(367)**
<u>Non-cash Changes</u>	
Finance charges recognised in profit or loss	**367**
At 31 December	**3,585**

(b) The cash and cash equivalents comprised the following:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits with licensed banks	**5,843**	6,767	**1,500**	5,500
Cash and bank balances	**2,558**	2,809	**15**	97
	8,401	9,576	**1,515**	5,597
Less: Deposits with licensed banks with maturity periods of more than three months	**(2,567)**	(6,563)	**(1,500)**	(5,500)
	5,834	3,013	**15**	97

Notes to the Financial Statements
For the financial year ended 31 March 2018

34. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Company	
	2018	**2017**
	RM'000	**RM'000**
Advances to subsidiaries	**(3,003)**	(9,076)

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

35. OPERATING SEGMENTS

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

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

(i) Tourism segment – Provision of inbound and outbound tours and ticketing services, transportation services, hospitality services and trading of souvenirs, pewterware, local cottage industry products and other tourism related products.

(ii) Others – Comprises investment holding, trading, warehousing, mobile crane services, timber log trading, sawmilling and manufacturing of downstream timber products, neither of which are of a sufficient size to be reported separately.

35. OPERATING SEGMENTS (CONT'D)

The Group Executive Committee assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Each reportable segment assets is measured based on all assets of the segment other than investment in an associate and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

BUSINESS SEGMENTS

	Tourism Services		Others		The Group	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue						
External revenue	**47,655**	44,642	**494**	500	**48,149**	45,142
Inter-segment revenue	**70**	420	**-**	-	**70**	420
	47,725	45,062	**494**	500	**48,219**	45,562
Consolidation adjustments					**(70)**	(420)
Consolidated revenue					**48,149**	45,142
Results						
Segment loss before interest and taxation	**(3,420)**	(4,048)	**(1,038)**	(1,537)	**(4,458)**	(5,585)
Finance costs					**(342)**	(360)
Interest income					**224**	401
Consolidated loss before taxation					**(4,576)**	(5,544)

35. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Tourism Services		Others		The Group	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Segment loss before taxation includes the following:-						
Depreciation and amortisation	**2,223**	2,708	**120**	637	**2,343**	3,345
Inventories written down	**-**	217	**-**	-	**-**	217
Impairment loss of trade and other receivables	**1,980**	209	**-**	21	**1,980**	230
Property, plant and equipment written off	**320**	226	**-**	-	**320**	226
Reversal of impairment losses on trade receivables	**(91)**	-	**-**	(4)	**(91)**	(4)
Reversal of inventories written down	**(39)**	(100)	**-**	-	**(39)**	(100)
Fair value gain on investment properties	**-**	-	**(570)**	(285)	**(570)**	(285)
Assets						
Segment assets	**41,528**	43,801	**58,995**	56,637	**100,523**	100,438
Unallocated asset:						
- current tax assets					**455**	146
Consolidated total assets					**100,978**	100,584
Additions to non-current assets other than financial instruments are:-						
Property, plant and equipment	**25**	59	**4**	4,022	**29**	4,081
Liabilities						
Segment liabilities	**11,762**	10,358	**876**	1,677	**12,638**	12,035
Unallocated liabilities:						
- deferred tax liabilities					**4,501**	3,747
- current tax liabilities					**389**	134
Consolidated total liabilities					**17,528**	15,916

35. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

36. NON-CANCELLABLE OPERATING LEASES

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

	The Group	
	2018 RM'000	**2017 RM'000**
Not later than 1 year	**3,478**	4,350
Later than 1 year and not later than 5 years	**-**	3,478
	3,478	7,828

37. FOREIGN EXCHANGE RATES

The principal closing exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are:-

	The Group	
	2018 RM'000	**2017 RM'000**
Chinese Renminbi	**0.62**	0.64
Hong Kong Dollar	**0.49**	0.57
United States Dollar	**3.86**	4.42
Singapore Dollar	**2.95**	3.16

38. FINANCIAL INSTRUMENTS

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

38.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the Group does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

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

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

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

(b) Credit Risk

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

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

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

(i) Credit Risk Concentration Profile

The Group does not has any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2018			
Not past due	**736**	**-**	**736**
Past due:			
- less than 2 months	**324**	**-**	**324**
- 2 to 5 months	**390**	**-**	**390**
- more than 5 months	**5,809**	**(4,710)**	**1,099**
	7,259	**(4,710)**	**2,549**

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2017			
Not past due	1,181	-	1,181
Past due:			
- less than 2 months	574	-	574
- 2 to 5 months	831	-	831
- over 5 months	5,937	(4,000)	1,937
	8,523	(4,000)	4,523

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

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

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

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2018						
Non-derivative Financial Liabilities						
Term loan	**8.79**	**3,815**	**5,802**	**566**	**2,266**	**2,970**
Trade payables	**-**	**1,525**	**1,525**	**1,525**	**-**	**-**
Other payables and accruals	**-**	**7,298**	**7,298**	**7,298**	**-**	**-**
		12,638	**14,625**	**9,389**	**2,266**	**2,970**
2017						
Non-derivative Financial Liabilities						
Term loan	8.60	4,045	6,296	566	2,266	3,464
Trade payables	-	1,157	1,157	1,157	-	-
Other payables and accruals	-	6,833	6,833	6,833	-	-
		12,035	14,286	8,556	2,266	3,464

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2018						
Non-derivative Financial Liabilities						
Other payables and accruals	-	**491**	**491**	**491**	-	-
Amount owing to subsidiaries	-	**1,451**	**1,451**	**1,451**	-	-
Financial guarantee contract	-	-	**3,814**	**3,814**	-	-
		1,942	**5,756**	**5,756**	-	-
2017						
Non-derivative Financial Liabilities						
Other payables and accruals	-	485	485	485	-	-
Amount owing to subsidiaries	-	1,108	1,108	1,108	-	-
Financial guarantee contract	-	-	4,045	4,045	-	-
		1,593	5,638	5,638	-	-

38. FINANCIAL INSTRUMENTS (CONT'D)

38.2 CAPITAL RISK MANAGEMENT

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the loans and borrowings from financial institutions.

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial Asset				
Loans and Receivables Financial Assets				
Trade receivables (Note 13)	**2,549**	4,523	**97**	60
Other receivables and deposits (Note 14)	**2,642**	4,790	**186**	183
Amount owing by subsidiaries (Note 10)	**-**	-	**28,063**	25,827
Fixed deposits with licensed banks	**5,843**	6,767	**1,500**	5,500
Cash and bank balances	**2,558**	2,809	**15**	97
	13,592	18,889	**29,861**	31,667
Financial Liability				
Other Financial Liabilities				
Term loan (Note 19)	**3,815**	4,045	**-**	-
Trade payables (Note 21)	**1,525**	1,157	**-**	-
Other payables and accruals (Note 22)	**7,298**	6,833	**491**	485
Amount owing to subsidiaries (Note10)	**-**	-	**1,451**	1,108
	12,638	12,035	**1,942**	1,593

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 FAIR VALUE INFORMATION

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

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Not Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2018					
Financial Liability					
Term loan	**-**	**3,815**	**-**	**3,815**	**3,815**
2017					
Financial Liabilities					
Term loan	-	4,045	-	4,045	4,045

The fair values of term loan are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group 2018 %	2017 %
Term loan	**8.79**	8.60

39. SIGNIFICANT EVENT

Significant event during the financial year is as follows:-

On 30 June 2017, the Company entered into a Sale and Purchase Share Agreement to acquire the remaining 360,000 ordinary shares, representing approximately 21.52% of the total issued and paid-up share capital of EMC Cranes (KL) Sdn. Bhd. ("EMCKL") from Tat Hong Heavy Equipment (Pte) Ltd ("THHE") for a total cash consideration of RM150,000.

In consequence thereof, EMCKL became a wholly-owned subsidiary of the Company.

SHAREHOLDINGS Statistics and Analysis
As at 29 June 2018

SHARE CAPITAL

Issued and paid-up capital	:	RM22,637,385 consisting of 226,373,848 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 29 June 2018 are as follows:-

Name of Substantial Shareholders	No. of shares			
	Direct	%	Indirect	%
Dato' Chua Tiong Moon	24,310,362	10.74	2,198,113*	0.97
Tan Sri Datuk Chai Kin Kong	21,754,070	9.61	2,198,113*	0.97
Chu Yoke Loong	13,060,000	5.77	-	-
Chu Yoke Fong	14,560,000	6.43	-	-

* Deemed interest by virtue of Dato' Chua Tiong Moon and Tan Sri Datuk Chai Kin Kong having not less than twenty percent of the voting shares in Equal Accord Sdn. Bhd. which has a direct interest in the Company.

DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 29 June 2018 are as follows:-

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Chua Tiong Moon	24,310,362	10.74	2,198,113*	0.97
Chu Yoke Loong	13,060,000	5.77	-	-
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Dato' Ir. Zainurin bin Karman	-	-	-	-
Lim Thian Loong	-	-	-	-
Lee See Hong (Ms)	-	-	-	-

* Deemed interest by virtue of Dato' Chua Tiong Moon having not less than twenty percent of the voting shares in Equal Accord Sdn. Bhd. which has a direct interest in the Company.

Shareholdings Statistics and Analysis

As at 29 June 2018

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	15	0.34	301	-
100 - 1,000	809	18.44	762,440	0.34
1,001 - 10,000	2,353	53.64	11,987,631	5.30
10,001 - 100,000	1,030	23.48	35,480,744	15.67
100,001 - 11,318,691 (*)	176	4.01	124,402,600	54.95
11,318,692 AND ABOVE (**)	4	0.09	53,740,132	23.74
TOTAL :	**4,387**	**100.00**	**226,373,848**	**100.00**

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

LIST OF TOP 30 HOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	Holdings	%
1	CHU YOKE FONG	14,560,000	6.431
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG	13,060,070	5.769
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	13,060,062	5.769
4	CHU YOKE LOONG	13,060,000	5.769
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	6,591,900	2.911
6	KEAN MOONG YIN	5,056,700	2.233
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG	4,822,300	2.130
8	EVERGREEN CITY HOLDINGS SDN. BHD.	4,779,200	2.111
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	4,658,400	2.057
10	FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN. BHD.	4,326,000	1.910
11	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,261,900	1.882
12	LEE KIM SOON	4,145,000	1.831

LIST OF TOP 30 HOLDERS (CONT'D)

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	Holdings	%
13	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	4,044,100	1.786
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN. BHD. (M0015)	3,939,700	1.740
15	TANG MEI LENG	3,470,000	1.532
16	GOLDMATRIX RESOURCES SDN. BHD.	3,460,400	1.528
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG (021)	3,366,700	1.487
18	LAI THIAM POH	3,207,100	1.416
19	EVERGREEN 2000 SDN. BHD.	2,828,000	1.249
20	CHU YOKE HUA	2,333,400	1.030
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN BHD	2,198,100	0.971
22	CHAI MUN HA	2,156,000	0.952
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI KIEW @ TAI CHOON CHYE	2,120,900	0.936
24	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY TAN @ TAN HUI NGOH (STF)	2,057,100	0.908
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAN SINGH A/L SHAM SINGH	2,000,000	0.883
26	CHAO KOON WAN	1,980,000	0.874
27	GOH KHENG HOCK	1,736,000	0.766
28	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	1,572,200	0.694
29	CHAI WOON YIN	1,121,500	0.495
30	GINA GAN	1,103,000	0.487
TOTAL		**137,075,732**	**60.537**

PARTICULARS OF Properties Held

Summary of landed properties owned as at 31 March 2018.

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.18 RM'000	Last Revaluation
Sanbumi Holdings Berhad ("SHB")	Lot 1620 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	4 storey office building; and 1 storey workshop	84,419	39	11,207 720	2018 2018
SHB	Part of Lot 3423 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	55,626	N.A.	3,600	2018
SHB	Lot 1590, 1595 & 1598 Mukim 17 Sg. Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	441,263	N.A.	4,850	2018
SHB	Lot 739 Section 16 Georgetown, Daerah Timur-Laut, Pulau Pinang	Freehold	2 storey shophouse	2,292	>50	2,400	2018
EMC Cranes Sdn Bhd	Lot 451 Mukim 17 Sg Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	795,231	N.A.	4,000	2018
Nouvelle Hotel (Kulai) Sdn Bhd	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulaijaya, Johor	Freehold	14 lots of vacant land and 13 units of 3 storey shop offices	44,784	7	13,800	2018
Nouvelle Hotel Sdn Bhd	Lot 6057 to Lot 6080 Mukim Pasir Panjang Port Dickson, Negeri Sembilan	Freehold	24 lots of vacant land	51,817	N.A.	3,000	2018
Nouvelle Restaurant Sdn Bhd	Lot 61352, 61353 & 62417, Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold (to expire in 2094)	Vacant land	728,781	N.A.	10,900	2018

SANBUMI HOLDINGS BERHAD
(Company No. 8386-P)

#CDS account no. of authorised nominee

Proxy Form

I/We ________________________________ (name of shareholder as per NRIC, in capital letters)
NRIC No. ______________ (new) ______________ (old)/ID No./Company No. ______________ of
________________________________ (full address)
being a member(s) of the abovenamed Company, hereby appoint ________________________________
(name of proxy as per NRIC, in capital letters) NRIC No. ______________ (new) ______________ (old)
or failing him/her ________________________________ (name of proxy as per NRIC, in capital letters)
NRIC No. ______________ (new) ______________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Forty-Ninth Annual General Meeting of the Company to be held at the Conference Room, Second Floor, Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang on Friday, 7 September 2018 at 10.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:-

Resolutions	For	Against
Re-election of Directors:		
Resolution 1 - Dato' Chua Tiong Moon		
Resolution 2 - Dato' Ir. Zainurin bin Karman		
Resolution 3 - Re-appointment of Messrs Crowe Malaysia as Auditors		
Resolution 4 - Approval of Directors' fees of RM216,000		
Resolution 5 - Approval of Directors' benefits of up to RM20,000		
Resolution 6 - Continuing in office for Dato' Ir. Zainurin bin Karman		
Resolution 7 - Continuing in office for Datuk Wira Rahadian Mahmud bin Mohammad Khalil		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this ______________ day of ______________ 2018

Number of shares held	

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%

____
Signature/Common Seal of Appointor

Contact No. Of Shareholder/Proxy: ______________

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint 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.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for holding the Annual General Meeting or any adjournment thereof.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 333 of the Companies Act, 2016.
8. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
9. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
10. Only members registered in the Record of Depositors as at 29 August 2018 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

\# Applicable to shares held through a nominee account.

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AFFIX
STAMP

The Secretaries
SANBUMI HOLDINGS BERHAD (8386-P)

Wisma EMC
972, Jalan Baru
13700 Prai
Penang

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www.sanbumi.com.my

SANBUMI HOLDINGS BERHAD
(8386-P)

Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang, Malaysia.
Tel : 04 - 390 3699 • Fax : 04 - 397 9311/04 - 390 3636