LB ALUMINIUM BERHAD
(138535-V)

EXPLORING NEW OPPORTUNITIES

ANNUAL REPORT 2019

COVER RATIONALE

As the largest aluminium extrusions manufacturer in Malaysia, we pride ourselves in delivering world class quality products and services in line with our vision to be the "Preferred Global Partner in Aluminium".

The arrows on the cover depicts the Group's ability to cope with changing demand to remain competitive, develop adaptable attitudes and strategies to embrace evolving business conditions as well as to explore new business opportunities, particularly in the current difficult operating environment, so as to maintain our upward growth trajectory for the benefit of our stakeholders.

VISION

Preferred Global Partner in Aluminium

MISSION

Customer Focus

- We understand customer needs
- Our products will be of consistent quality
- We deliver on-time and in the right order quantity
- Our customers are our partners in business
- We assist customers in achieving their needs

Teamwork

- We win together
- We practise shared leadership and cooperate with each other
- We value differences but work towards a common objective
- We believe in the benefits of teamwork

Operational Excellence

- Best in class on quality, on-time delivery and cost
- We manage as entrepreneurs in our daily operations
- We will innovate to achieve the best production facility

Stakeholders' Interest

- We focus on profitable growth for our stakeholders
- We manage and safeguard assets and resources effectively
- We provide safe work environment and employment opportunities
- We provide staff future growth and development
- We care for the environment

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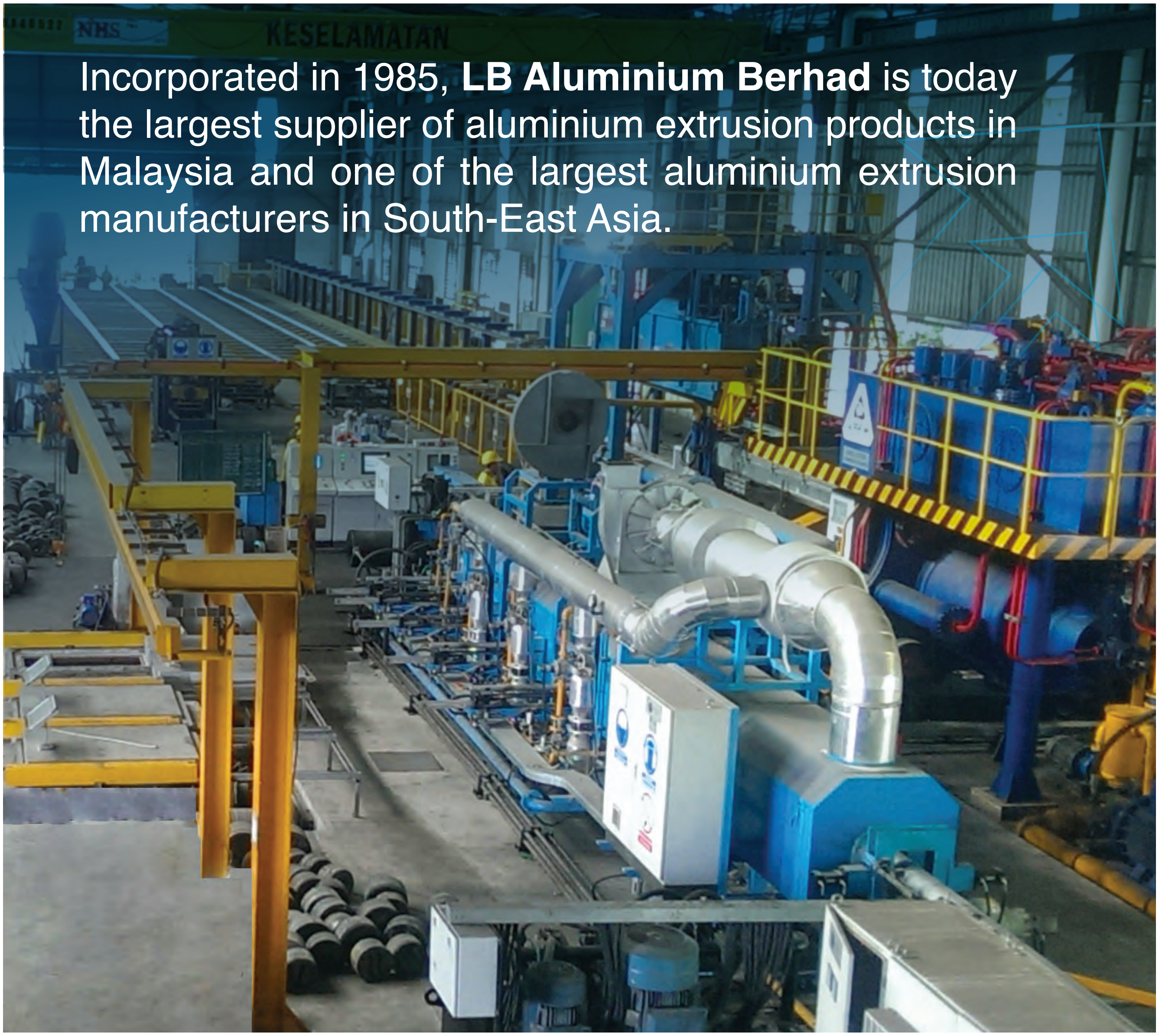
CORPORATE PROFILE



Incorporated in 1985, **LB Aluminium Berhad** is today the largest supplier of aluminium extrusion products in Malaysia and one of the largest aluminium extrusion manufacturers in South-East Asia.

LB Aluminium Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and has been a public listed company since 1994. The Company's consolidated shareholders funds as at 30 April 2019 stood at RM293.4 million with total number of shareholders exceeding 4,600. For the financial year ended 30 April 2019 the Group posted a turnover of RM532.9 million.

Shareholders Funds

RM**293.4** million

Number of Shareholders

Exceeding **4,600**

CORPORATE PROFILE (CONT'D)

The Company's production facilities are located on a 31-acre site in Beranang in the state of Selangor and within a thirty (30) minutes' drive from the Kuala Lumpur International Airport as well as on a 4-acre site in Kuching, Sarawak.

Our existing integrated production facilities including extrusion presses from UBE, Japan have an annual production capacity of 100,000 metric tonnes. The production facility includes a 4,300 tonnes extrusion press which is the largest press currently available in Malaysia.

Ancillary equipment comprises of billet heaters/log shears, billet heaters/hot saws, double pullers as well as quenching boxes.

To complement the aesthetics finishing of the extrusion products, we have the first and only fully automated vertical anodising plant in Malaysia that adheres to Japanese standards which ensure uniformity and consistency of quality with a monthly capacity of up to 1,400 metric tonnes. The Group also has a horizontal anodising line in Beranang with monthly capacity of 1,000 metric tonnes and together with an anodising line of 600 metric tonnes monthly capacity in our Kuching factory, our combined anodising capacity annually is 36,000 metric tonnes. We have also added a new anodising process for premium color anodising in 2017 which ensures consistent and uniform color anodised products.

In addition to the anodising plants, we have a fully integrated vertical powder coating line and a horizontal painting line both with painting systems from Wagner, Germany respectively with total annual capacity of 24,000 metric tonnes as well as a fluorocarbon painting line.

Our in-house die/mould shop is equipped with the latest computer-aided design and manufacturing machines including CNC die cutting and EDM machines capable of producing die/mould of various complexities.

In addition, we provide value added services to our customers such as cutting, degreasing, punching, stamping, assemble and packing as OEM (original equipment manufacturer). Our equipments include CNC sawing machines, punching machines, bending machines, etc. We have also set up a wholly-owned subsidiary with facilities including test-rigs for specific product and system testing.

We pride ourselves in constantly upgrading the quality of our products to meet the changing needs of our customers and society. Achievement of the highest standards of excellence like the MS ISO 9001:2015 standard and UKAS Accreditation certification are testimonies to our excellence in the aluminium extrusion industry.

LB Aluminium Berhad has an extensive branch network with sales outlets cum warehouses in the major cities and towns in the Peninsular and East Malaysia and Singapore. Our export markets include destinations in Europe, North America, China and South Asia, Australia and New Zealand as well as in South East Asia.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of LB Aluminium Berhad ("the Company") will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Monday, 30 September 2019 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 April 2019 together with the Reports of the Directors and Auditors thereon. **[Please see Note 2]**

2. To approve the payment of a first and final single tier dividend of 1.50 sen per ordinary share in respect of the financial year ended 30 April 2019. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM400,000.00 for the financial year ended 30 April 2019. **(Resolution 2)** **[Please see note 3]**

4. To approve the payment of Directors' benefits of up to RM45,000.00 for the period from 1 October 2019 until the next Annual General Meeting of the Company. **(Resolution 3)** **[Please see note 3]**

5. To re-elect the following Directors who retire in accordance with Articles 75 and 77 of the Articles of Association of the Company:- **[Please see note 4]**

   (i) Mr Toh Khiam Huat **(Resolution 4)**
   (ii) Mr Chew Kat Nyap **(Resolution 5)**
   (iii) Mr Teh Kok Heng **(Resolution 6)**

6. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)** **[Please see note 5]**

AS SPECIAL BUSINESS

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

7. **Ordinary Resolutions** **[Please see Note 6]**
   Continuation in Office as Independent Directors

   (i) "THAT approval be and is hereby given for Mr Neoh Lay Keong who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of the next annual general meeting of the Company." **(Resolution 8)**

   (ii) "THAT approval be and is hereby given for Dato' Dr Mohd Husni Bin Ahmad who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of the next annual general meeting of the Company." **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. **Ordinary Resolution** **[Please see Note 7]**
Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT subject always to the Companies Act 2016 ("Act"), the Articles of Association of the Company (and the Constitution of the Company being adopted upon the passing of the Special Resolution below), Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." **(Resolution 10)**

9. **Ordinary Resolution** **[Please see Note 8]**
Proposed Renewal of Authority for Share Buy-Back

"THAT subject always to the Companies Act 2016 ("Act"), the Articles of Association of the Company (and the Constitution of the Company being adopted upon the passing of the Special Resolution below), Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: **(Resolution 11)**

(i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(i) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

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

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

(i) To cancel all or part of the Purchased Shares;

(ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

(iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

(iv) To resell all or part of the treasury shares;

(v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

(vi) To transfer all or part of the treasury shares as purchase consideration;

(vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

(viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. **Ordinary Resolution** **(Please see Note 9)**
Proposed Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 30 August 2019, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed RRPT Mandate"). **(Resolution 12)**

THAT the Proposed RRPT Mandate shall only continue to be in full force until:-

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

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

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

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed RRPT Mandate."

11. **Special Resolution** **(Please see Note 10)**
Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution ("Proposed Alteration")

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in the Annexure A attached herewith with effect from the date of passing of this special resolution. **(Resolution 13)**

AND THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

12. To consider any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting to be held on 30 September 2019, the first and final single tier dividend of 1.50 sen per ordinary share in respect of the financial year ended 30 April 2019 will be paid on 18 October 2019 to Depositors whose names appear in the Record of Depositors on 3 October 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a) shares transferred into the depositor's securities account before 4:30 p.m. on 3 October 2019 in respect of transfers; and
b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Wong Wai Foong (MAICSA 7001358)
Ng Bee Lian (MAICSA 7041392)
Yap Sit Lee (MAICSA 7028098)
Company Secretaries

Kuala Lumpur
30 August 2019

Notes:

1. APPOINTMENT OF PROXY

(a) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.

(b) A member of the Company who is entitled to attend and vote at the meeting may appoint more than two (2) proxies to attend and vote in his stead except where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(e) The instrument appointing a proxy, must be in writing (in the common or usual form) under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.

(f) The instrument appointing a proxy must be deposited at the registered office of the Company located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or at any adjournment thereof.

(g) Only members whose names appear in the Record of Depositors as at 20 September 2019 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, will not be put forward for voting by shareholders of the Company.

3. PAYMENT OF DIRECTORS' FEES AND BENEFITS

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The proposed Resolutions 2 and 3 are to facilitate the payment of Directors' fees and benefits to the Directors.

The proposed Resolution 3 for the Directors' benefits (being meeting allowances) are calculated based on the current Board of Directors ("Board") size and the number of scheduled Board and Audit Committee meetings for the period from 1 October 2019 up to the next Annual General Meeting. Each member of the Board and Audit Committee of the Company will be paid meeting allowance of RM500.00 per meeting for their attendance at the Board and Audit Committee meetings of the Company.

In the event the proposed amount of Directors' fees and/or benefits are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. RE-ELECTION OF DIRECTORS

Mr Toh Khiam Huat, Mr Chew Kat Nyap and Mr Teh Kok Heng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Annual General Meeting.

The Board has through the Nomination Committee ("NC"), considered the assessment of the said Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("the MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The Board has also through the NC conducted an assessment on the independence of the said Directors and satisfied that they have complied with the criteria on independence as prescribed by the MMLR of Bursa Securities.

5. RE-APPOINTMENT OF AUDITORS

The Board has through the Audit Committee, considered the re-appointment of Messrs BDO PLT as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table the re-appointment of Messrs BDO PLT at the forthcoming Annual General Meeting, included an assessment of the Auditors' independence and objectivity, caliber and quality process/performance.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO SPECIAL BUSINESS

6. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad were appointed to the Board on 25 August 1997 and 31 July 2006 respectively as Independent Directors. They have therefore served for more than nine (9) years.

The Board has through the NC, assessed the independence of both Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad and recommended them to continue to act as Independent Directors of the Company based on the following justifications:-

(i) they had fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities and were therefore able to bring independent and objective judgment to the Board;

(ii) they have been with the Group for many years and possessed deep understanding of the Group's business operations, and had continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Company during Board and Board committees' meetings;

(iii) their long tenure with the Company had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgement;

(iv) they provided effective check and balance in the proceeding of the Board and the Board committees;

(v) they continued to remain objective and were able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board committees in the best interest of the Company;

(vi) they exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and

(vii) they had met with the attendance requirements for Board meetings pursuant to the MMLR of Bursa Securities. This testified to their dedication in discharging the responsibilities expected of an Independent Director.

The proposed Resolutions 8 and 9, if passed, will enable both Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad to continue to act as Independent Directors of the Company.

7. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The proposed Resolution 10 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the previous Annual General Meeting held on 28 September 2018 as there were no requirements for such fund raising activities.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

The proposed Resolution 10, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s) at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.

8. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Resolution 11, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 30 August 2019 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.

9. PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Resolution 12, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

Please refer to the Circular to Shareholders dated 30 August 2019 for further information.

10. SPECIAL RESOLUTION ON PROPOSED ALTERATION

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the MMLR of Bursa Securities and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Annexure A.

CORPORATE INFORMATION

Board of Directors

Executive Chairman
Datuk Leow Chong Howa*

Chief Executive Officer
Mark Wing Kong*

Executive Director
Yap Chee Woon*

Non-Independent Non-Executive Director
Leow Sok Hoon

Senior Independent Non-Executive Director
Neoh Lay Keong

Independent Non-Executive Directors
Dato' Dr Mohd Husni Bin Ahmad
Toh Khiam Huat
Chew Kat Nyap
Teh Kok Heng

Alternate Director to Datuk Leow Chong Howa
Leow Vinken*

**Members of Senior Management Team*

AUDIT COMMITTEE

Independent Non-Executive Director – Chairman
Toh Khiam Huat

Senior Independent Non-Executive Director
Neoh Lay Keong

Independent Non-Executive Director
Dato' Dr Mohd Husni Bin Ahmad

NOMINATION COMMITTEE

Senior Independent Non-Executive Director – Chairman
Neoh Lay Keong

Independent Non-Executive Directors
Dato' Dr Mohd Husni Bin Ahmad
Chew Kat Nyap

REMUNERATION COMMITTEE

Senior Independent Non-Executive Director – Chairman
Neoh Lay Keong

Independent Non-Executive Directors
Dato' Dr Mohd Husni Bin Ahmad
Chew Kat Nyap

COMPANY SECRETARIES

Ng Bee Lian (MAICSA 7041392)
Wong Wai Foong (MAICSA 7001358)
Yap Sit Lee (MAICSA 7028098)

AUDITORS

BDO PLT (Firm No: LLP0018825-LCA & AF0206)
Chartered Accountants
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

CORPORATE INFORMATION (CONT'D)

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation
(Malaysia) Berhad
AmBank (M) Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Maybank Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Soo Thien Ming & Nashrah
Level 9, Menara Bangkok Bank
Berjaya Central Park
105, Jalan Ampang
50450 Kuala Lumpur

Sebastian Cha & Co
91B, Jalan 1/12
46000 Petaling Jaya
Selangor Darul Ehsan

CORPORATE ADVISOR

AmInvestment Bank Berhad
22nd Floor, AmBank Group Building
55, Jalan Raja Chulan
50200 Kuala Lumpur

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03-2783 9191
Fax: 03-2783 9111

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7784 3922
Fax: 03-7784 1988

HEAD OFFICE

Lot 11, Jalan Perusahaan 1
Kawasan Perusahaan Beranang
43700 Beranang, Semenyih
Selangor Darul Ehsan
Tel: 03-8725 8822
Fax: 03-8725 8828

WEBSITE ADDRESS

www.lbalum.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name: LBALUM
Stock Code: 9326

BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM

01

Datuk Leow Chong Howa

Executive Chairman

04

Leow Sok Hoon
Non-Independent
Non-Executive Director
(No picture available)

02

Mark Wing Kong

Chief Executive Officer

03

Yap Chee Woon

Executive Director

BOARD OF DIRECTORS AND SENIOR MANAGEMENT TEAM (CONT'D)

05

Neoh Lay Keong

Senior Independent Non-Executive Director

06

Dato' Dr Mohd Husni Bin Ahmad

Independent Non-Executive Director

07

Toh Khiam Huat

Independent Non-Executive Director

08

Chew Kat Nyap

Independent Non-Executive Director

09

Teh Kok Heng

Independent Non-Executive Director

10

Leow Vinken

Alternate Director to Datuk Leow Chong Howa

PROFILE OF DIRECTORS

01

Datuk Leow Chong Howa

Aged 61

Male

Malaysian

Datuk Leow Chong Howa, aged 61, male, a Malaysian, is the Executive Chairman of LB Aluminium Berhad and was appointed to the Board on 16 April 1985. He is a businessman and prior to assuming his current position, was the Managing Director of the Company since its incorporation.

Datuk Leow is a Non-Independent Non-Executive Director of A-Rank Berhad. He sits on the Council of Tung Shin Hospital Kuala Lumpur and is Committee for the Chinese as well as Western Medical Management Sub-committee of Tung Shin Hospital. He is the Vice-Chairman of Chong Hwa Independent High School and also the Deputy Chairman of Malaysia Anxi Association and Yayasan Ann Koai of Malaysia, and Vice President of the Board of SRJK (C) Kepong School. He also sits on the Board of Trustees of Yayasan Lim Yee Hoh.

He is a former Council Member of the Federation of Malaysian Manufacturers ("FMM") and a former Committee Member of the Selangor Branch of FMM.

Save for the related party disclosures as disclosed under Note 31 to the Audited Financial Statements of this Annual Report and the Circular to Shareholders dated 30 August 2019 which is despatched together with this Annual Report, Datuk Leow has no conflict of interest with LB Aluminium Berhad. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

02

Mark Wing Kong

Aged 60

Male

Malaysian

Mark Wing Kong, aged 60, male, a Malaysian, is the Chief Executive Officer of LB Aluminium Berhad. Prior to the appointment to his present position, he was the Executive Director and was appointed to the Board on 15 March 1997. He is a member of the Malaysian Institute of Certified Public Accountants. Mr Mark was with Kassim Chan & Co from 1980 to 1986 and subsequently as Operations Manager with Arab-Malaysian Securities Sdn Berhad from 1986 to 1988. From 1988 to 1997, he was with Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) where he was General Manager, Corporate Finance at time of resignation.

Mr Mark is a Council Member of FMM.

Mr Mark does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

03

Yap Chee Woon

Aged 60

Male

Malaysian

Yap Chee Woon, aged 60, male, a Malaysian, is the Executive Director of the Company and was appointed to the Board on 2 May 1997. He is a businessman and prior to his present position was the General Manager of LB Aluminium Berhad. Mr Yap has been with the Company since its incorporation.

Mr Yap is the honorary treasurer of Federation of Malaysian Manufacturers' Aluminium Manufacturers Group Malaysia ("AMGM").

Mr Yap does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)

04

Leow Sok Hoon

Aged 47

Female

Malaysian

Leow Sok Hoon, aged 47, female, a Malaysian, is a Non-Independent Non-Executive Director of LB Aluminium Berhad and was appointed to the Board on 3 August 1993. She holds an Advance Diploma, Association of Business Executives (ABE), a Diploma in Business Administration, University of Wales and a BA in Business Administration also from the University of Wales. She is a businesswoman.

Ms Leow does not have any conflict of interest with the Company. She has had no conviction for any offences in the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

05

Neoh Lay Keong

Aged 61

Male

Malaysian

Neoh Lay Keong, aged 61, male, a Malaysian, is the Senior Independent Non-Executive Director of the Company and was appointed to the Board on 25 August 1997. He holds a BEC Diploma in Business Studies, St. Johns College, England and a BA (Hons) in Economics from the University of Manchester, England. Mr. Neoh was with RHB Bank Berhad from 1982 to 1990 and is a Dealers' Representative with TA Securities Berhad since 1990.

He is the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee.

Mr Neoh does not have any conflict of interest with the Company. He has had no conviction for any offences in the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

06

Dato' Dr Mohd Husni Bin Ahmad

Aged 56

Male

Malaysian

Dato' Dr Mohd Husni Bin Ahmad, aged 56, male, a Malaysian, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 July 2006. He is presently a Consultant Ear Nose Throat-Head and Neck Surgeon at a private hospital in Kuala Lumpur. Dato' Dr Mohd Husni obtained his Bachelor of Medicine & Bachelor of Surgery as well as a Master of Otorhinolaryngology from the University of Malaya. Upon his graduation, he was attached with University Hospital from 1990 to 1998 initially as a medical officer, lecturer and specialist before leaving for private practice.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Dato' Dr Mohd Husni does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)

07

Toh Khiam Huat

Aged 63

Male

Malaysian

Toh Khiam Huat, aged 63, male, a Malaysian, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 July 2013. Mr Toh graduated from Swinburne College of Technology, Melbourne, Australia in 1980. He is a Chartered Accountant of the Malaysian Institute of Accountants and an ex-Fellow member of Certified Public Accountants, Australia. He is also a member of the Institute of Internal Auditors Malaysia ("IIAM"). During the period 2003 and 2010, he actively served as a member of the Board of Governors and chairing the various sub-committees of the Institute, including holding the positions of Honorary Secretary and Honorary Treasurer.

Mr Toh started his external auditing career with Deloitte Kassim Chan in 1981. He joined American International Assurance Berhad as a financial accountant in 1985.

Between the period 1990 and 2011, Mr Toh was involved in internal auditing, compliance and risk management as a Regional Auditor and later as a Regional Head of Internal Audit function (South Asia) for two multi-national insurers (American International Group and Prudential Corporation Asia).

He is currently the Chairman of the Audit Committee.

Mr Toh does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

08

Chew Kat Nyap

Aged 65

Male

Malaysian

Chew Kat Nyap, aged 65, male, a Malaysian, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 July 2013. He is a member of the Nomination Committee and Remuneration Committee.

Mr Chew started his career at the corporate secretarial/share registry divisions of two leading accounting firms as well as with the SPK Group. He then worked at Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) between 1986 and 1996 and last held the position of Senior Manager. He was thereafter transferred to Malaysian Issuing House Sdn Bhd ("MIH") as General Manager. He served as Chief Executive of both MIH and Symphony Share Registrars Sdn Bhd, which became part of the Symphony Group of Companies, before retiring in mid-2014. He remains a Board Member/Adviser at MIH, a company registered under the Capital Markets & Services Act 2007.

Mr Chew does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanctions or penalty by the relevant regulatory bodies during the financial year.

09

Teh Kok Heng

Aged 58

Male

Malaysian

Teh Kok Heng, aged 58, male, a Malaysian, is an Independent Non-Executive Director of LB Aluminium Berhad and was appointed to the board on 31 July 2013, He holds a Bachelor Degree in Marketing from TAR College.

Mr Teh has 35 years of experience in Design and Construction Management, specializing in Brand Activation business as well as Interior Architecture Fit-out and Advertising. He had been involved in numerous sizable projects, both locally and abroad including some international acclaimed projects such as LIMA Aerospace, DSA Exhibition and Malaysia's biggest Expo Negaraku 2017 project at Dataran Merdeka. He also headed the Milano World Expo 2015 for numerous Countries Pavilions including Malaysia, Brunei, Argentine and Cambodia.

Mr Teh also serves as a board member of SJK (C) Kepong 3, a Chinese Primary school in Segambut.

Mr Teh does not have any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D)

10

Leow Vinken

Aged 32

Male

Malaysian

Leow Vinken, aged 32, male, a Malaysian, was appointed as alternate Director to Datuk Leow Chong Howa on 14 June 2016. He is currently the Assistant General Manager of the Company. He was formerly a Manager with Formosa Shyen Horng Metal Sdn Bhd, a wholly owned subsidiary of A-Rank Berhad. Mr Leow graduated with a Bachelor of Business Management from the Royal Melbourne Institute of Technology.

Save for related party disclosures as disclosed under Note 31 to the Audited Financial Statements of this Annual Report and the Circular to Shareholders dated 30 August 2019 which is despatched together with this Annual Report, Mr Leow has no conflict of interest with LB Aluminium Berhad. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Note: Family[(1)] relationship with Director and/or major shareholder

Mr Leow Vinken is a son of Datuk Leow Chong Howa, the Executive Chairman and major shareholder of LB Aluminium Berhad.

Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of LB Aluminium Berhad.

(1) As per paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, family in relation to a person means such person who falls within any one of the following categories:

(a) spouse;
(b) parent;
(c) child including an adopted child and step-child;
(d) brother and sister; and
(e) spouse of the person referred to in subparagraphs (c) and (d) above

PROFILE OF SENIOR MANAGEMENT TEAM

(PROFILES OF THE EXECUTIVE CHAIRMAN, CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR AND ASSISTANT GENERAL MANAGER ARE LISTED IN PAGES 16 TO 19)

01

Steven Chia King Ling, aged 54, male, a Malaysian, is the General Manager of LB Aluminium Berhad. He was appointed a member of the senior management team on 1 June 2016. He holds a post graduate Diploma in Professional Marketing from Chartered Institute of Marketing (CIM - UK). Mr Chia has 27 years of experience in sales, marketing and management and another 5 years' experience in banking and financial management. Prior to joining the Company, he was an Operations Officer with KUMB Finance Berhad which was subsequently acquired by MBF Finance Berhad.

Mr Chia does not have any family relationship with any director and/or major shareholder of LB Aluminium Berhad nor has any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

02

Yoong Gin Way, aged 44, male, a Malaysian, is the Head of Finance of LB Aluminium Berhad. He was appointed a member of the Senior Management Team on 27 September 2010. He holds a degree of Bachelor of Business from the Royal Melbourne Institute of Technology. Mr Yoong is a qualified Chartered Accountant, Malaysia (CA) and a member of Certified Practising Accountants, Australia (CPA). He has 21 years of experience in financial management, group reporting as well as taxation. Prior to joining the Company, he was the Finance Manager of Guocoland (Malaysia) Berhad.

Mr Yoong does not have any family relationship with any director and/or major shareholder of LB Aluminium Berhad nor has any conflict of interest with the Company. He has had no conviction for any offences within the past five (5) years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of LB Aluminium Berhad ("Company") recognises that good corporate governance is fundamental to the Board in discharging its fiduciary responsibilities and enhancing high standards of business integrity, business prosperity and corporate accountability with the ultimate objective of realising shareholders' value.

The Corporate Governance Overview Statement ("CG Statement") is prepared in accordance to Practice Note 9 of Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") and Malaysian Code on Corporate Governance ("MCCG") issued by Securities Commission Malaysia. The CG Statement is to be read together with the Corporate Governance Report ("CG Report") which is available at the Company's website at **www.lbalum.com** as well as Bursa's website at **www.bursamalaysia.com**.

The Board is pleased to set out below the manner in which the Company and its subsidiaries ("Group") have applied each of the three (3) Principles of the MCCG throughout the financial year ended 30 April 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Role of the Board

The role of the Board is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group's business as a whole. The Board should also provide entrepreneurial leadership to the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and managed.

The Board sets the Group's strategic plans and policies and conducts ongoing review and evaluation of those strategic plans and policies to ensure the Group's focus is in line with the constantly evolving market conditions as well as to identify new businesses and opportunities.

The Board receives regular updates on the conduct of the Group's business and operations, and evaluate whether its businesses are being properly managed.

The Board is responsible to ensure the adequacy and integrity of the internal control and management information systems and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Process of the Board

The Board is chaired by the Executive Chairman and the Board meets at least four (4) times a year scheduled in every quarter. If required, additional meetings will be scheduled. The quorum for the Board meeting shall be at least two (2) members present at the meeting.

To assist in the discharge of its stewardship role, the Board has established Board committees, namely, the Audit, Nomination and Remuneration Committees, which operate within approved terms of reference. These committees have authority to examine particular issues and report to the Board with their findings and recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Committees. The report and recommendation of the Board Committees are included as agenda items for deliberation at the meetings of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

Process of the Board (cont'd)

Prior to the Board and Board Committee meetings, a formal and structured agenda, as approved by the respective Chairman of the Board and the Committees, together with a set of Board and Board Committee papers, are forwarded to all Directors at least five (5) business days prior to the Board and Board Committee meetings, for the Directors to be prepared to deal with matters arising from such meetings and to enable the Board and Board Committees to make decisions. Presentations to the Board and the Board Committees are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter.

Qualified and Competent Company Secretary

The Board is supported by qualified, competent and experienced Company Secretaries who facilitate overall compliance with the MMLR of Bursa Securities as well as inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.

The Company Secretary organises and attends all Board and Board Committee meetings and ensures meetings are properly convened, follows up on matters arising and ensure accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company. The Company Secretary is also responsible to maintain the documentation of the Board such as meeting papers and minutes of the Board and its committees to be produced for inspection, if required and to ensure a balanced flow of information is disseminated to the Directors for decisions to be made on an informed basis for the effective discharge of the Board's responsibilities.

All Board members have unrestricted access to the advice and services of the Company Secretary.

Delegation to Management

The responsibility for the operation and administration of the Group is delegated, by the Board, to the Chief Executive Officer ("CEO") and other senior management personnel within levels of authority specified by the Board from time to time. The Board ensures that this Senior Management Team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the team.

The CEO may delegate aspects of his authority and power but remains accountable to the Board for the Group's performance and is required to report regularly to the Board on the conduct and performance of the Group's business units.

Separation of Positions of Executive Chairman ("EC") and CEO

The roles of the EC and CEO of the Company are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

The EC is responsible for running the Board and ensures that all Board members receive sufficient and timely relevant information to enable the Directors to participate actively in the Board's decisions. The EC is also responsible to provide leadership, strategic directions and objectives in line with the Group's vision and missions. The CEO is responsible for the day-to-day management of the Group and effective leadership of the management team as well as the implementation of the Board's policies and decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

Board Charter

To enhance accountability and establish a proper delineation of roles between its Board and the Management, the Company has formalised and adopted a Board Charter ("Charter").

The Charter sets out four guiding principles of good corporate governance namely fairness, transparency, accountability and responsibility. It provides guidance for Directors regarding their roles in discharging their duties towards the Company as well as Boardroom activities.

The Charter was reviewed and approved by the Board on 29 March 2018.

The Charter has been uploaded on the Company's website at **www.lbalum.com**.

Schedule of Matters Reserved for the Board

To enhance accountability, the Board has established a formal schedule of matters specifically reserved for the Board for its deliberation and decision to ensure the direction and control of the Group's business are firmly in its hands. Details of the schedule of matters specifically reserved for the Board are available to the public on the Company's website at **www.lbalum.com**.

Code of Conduct

The Company has formalised a Code of Conduct which contains policies and procedures relating to the professional conduct and ethics that all are applicable to all employees.

The Code of Conduct is uploaded on the Company's website at **www.lbalum.com**.

Code of Conduct and Code of Ethics for Directors

The Board acknowledges the importance of establishing a healthy corporate culture among the Directors and has formalised in writing a Code of Conduct and a Code of Ethics for Directors, which set out the standards of good behavior by underscoring the core ethical values that are vital for their business decisions.

The Code of Conduct and Code of Ethics for Directors are included in the Board Charter which is published at the Company's website at **www.lbalum.com**.

Whistleblowing Policy

The Board has formalised a whistleblowing policy to provide a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employee, Management or Directors in the Group. It allows the whistle-blower the opportunity to raise concerns outside the management line. The identity of the whistle-blower will be kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution.

The Whistleblowing Policy is published at the Company's website at **www.lbalum.com**.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (cont'd)

Access to Information and Advice

From time to time, whenever the Board requires relevant information updates from any members of the Management, the relevant member is invited to attend meetings of the Board or its Committees to provide the Board with any such relevant information or updates.

All Directors have unrestricted access to information within the Group and to obtain independent professional advice, when necessary, at the Company's expense. Prior to engaging any independent adviser, approval must be obtained from the Executive Chairman and, where applicable, the Executive Chairman may bring up the request for the Board's evaluation on the need for external advice.

II. Board Composition

Existing Board Composition

The Board currently consists of nine (9) Directors; five (5) of whom are Independent Non-Executive Directors. The Board comprises an appropriate balance with sufficiently diverse experience required for the effective stewardship of the Group. The balance of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) is such that decision made are fully discussed and examined after taking into account the long term interest of shareholders, employees, customers and the many communities in which the Group conducts its business. The division of responsibilities between the Executive Directors and the Non-Executive Directors on the Board ensures independence in decision making at Board level.

Independence

The Board has a collective responsibility for the management of the Group. The Independent Non-Executive Directors are committed in upholding business integrity and bringing independent judgement and scrutiny to decisions taken by the Board and providing objective challenges to the Management. The Executive Directors are responsible for making and implementing operational and corporate decisions as well as day-to-day management of the business and operations of the Group. There is a clear division of responsibilities between the executive and non-executive functions to ensure effectiveness of the decision making process of the Board.

Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders.

The Board is of the view that tenure should not form part of the independence assessment criteria, as it believes that the ability of a Director to serve effectively is dependent upon his caliber, qualifications, experiences and personal qualities, in particular, integrity and objectivity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

Tenure of Independent Directors

Following an assessment by the Nomination Committee ("NC") and the Board, Mr Neoh Lay Keong ("Mr Neoh") and Dato' Dr Mohd Husni Bin Ahmad ("Dato' Dr Mohd Husni"), who have served as Independent Directors of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

The Board recommends Mr Neoh and Dato' Dr Mohd Husni to continue to act as Independent Directors based on the following justifications:

i) They had fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities and therefore were able to bring independent and objective judgment to the Board;

ii) They have been with the Group for many years and possessed deep understanding of the Group's business operations and have continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Company during Board and Board Committees' meetings;

iii) Their long tenure with the Company had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgement;

iv) They provided effective check and balance in the proceeding of the Board and the Board Committees;

v) They continued to remain objective and were able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;

vi) They exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and

vii) They had met with the attendance requirements for Board Meetings pursuant to the MMLR of Bursa Securities. This testifies to their dedication in discharging the responsibilities expected of an Independent Director.

Boardroom Diversity

The NC is entrusted by the Board to identify and recommend suitable candidates to fill up vacant seats of the Board. The NC shall ensure the Board has the appropriate balance of skills, experience and knowledge.

Before any recommendation is made to the Board, the NC shall evaluate a candidate by considering the factors including age, gender, ethnicity, professional background, skill and expertise, personal characteristics, integrity, capability and time to discharge duty as a Director and for an Independent Non-Executive Director, whether he/she meets the criteria of an Independent Director as specified by Practice Note 13 of the MMLR of Bursa Securities.

The NC shall at all times continue to ensure a well-balanced Board and to ensure equal opportunity is given and that no candidate is subject to any form of discrimination in terms of age, gender, ethnicity, religion, marital status and appearance in the process of identifying of suitable candidates for replacement or new Board member.

In identifying candidates for new directorship of the Company, the NC does not solely rely on recommendations from members of the Board, Management or major shareholders. The NC makes reference to the Company's business associates and professional bodies from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

Boardroom Diversity (cont'd)

The Board acknowledges the importance of gender diversity in Boardroom. However, the Board does not adopt any formal gender diversity policy in the selection of new Board members and does not have specific targets for female Director. The Board continues to evaluate a candidate of new Board member by considering all the factors including age, gender, ethnicity, skill and expertise, personal qualities, integrity, educational qualification, capability and time to discharge duty effectively.

During the financial year ended 30 April 2019, there was no new appointment to the Board.

Re-election of Directors

In accordance with the Company's Articles of Association (the "Articles"), all Directors who are appointed by the Board to fill a casual vacancy are subject to re-election by shareholders of the Company at the first Annual General Meeting after their appointment. The Articles also provides that one-third of the remaining Directors are subject to re-election by rotation at annual general meeting.

For the forthcoming Annual General Meeting, the following Directors will retire by rotation, and being eligible, offer themselves for re-election:

- Mr Toh Khiam Huat
- Mr Chew Kat Nyap
- Mr Teh Kok Heng

A brief description on the profile of the above Directors and their respective attendance in Board Meetings are presented in this Annual Report.

Succession Planning

The Board acknowledges that succession planning is important for the Company's stability and sustainability. The NC is entrusted to assess and recommend suitable candidates to be appointed as Director of the Company to fill up any vacant seat in the Boardroom.

Nomination Committee

The NC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by the Company's Senior Independent Non-Executive Director.

During the financial year ended 30 April 2019, three (3) NC's meetings were held. The details of attendance of each member at the NC meetings held during the financial year are as follows:-

	Number of Nomination Committee Meeting	
Name of Nomination Committee Members	**Held**	**Attendance**
Neoh Lay Keong (Chairman)	3	3
Dato' Dr Mohd Husni Bin Ahmad	3	3
Chew Kat Nyap	3	3

The terms of reference for the NC can be viewed at the Company's website at **www.lbalum.com**.

The activities of the NC during the financial year are disclosed in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

Annual Assessment of Independent Directors

In ensuring that the independent judgments by the Company's Non-Executive Directors are not compromised, the NC performs yearly assessment on the independence of the Independent Directors. The assessment is conducted by making reference to Practice Note 13 of the MMLR of Bursa Securities.

Based on the assessment conducted for financial year ended 30 April 2019, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to continue to exercise independent judgment.

Board Meetings

It is the policy of the Company for Directors to devote sufficient time and effort in carrying out their responsibilities. The Board meets every three (3) months in regular Board of Directors' meetings during the year to approve the quarterly results and the audited financial statements on a pre-scheduled basis. Additional meetings are convened when urgent and important decisions need to be taken between scheduled meetings.

During the financial year under review, the Company held five (5) meetings of the Board of Directors and details of the Directors' attendance are as follows:

Name of Directors	Number of Meetings Attended
Datuk Leow Chong Howa	5/5
Mark Wing Kong	5/5
Yap Chee Woon	5/5
Leow Sok Hoon	5/5
Neoh Lay Keong	5/5
Dato' Dr Mohd Husni Bin Ahmad	4/5
Toh Khiam Huat	5/5
Chew Kat Nyap	5/5
Teh Kok Heng	5/5

Number of Directorships in other Companies

All Directors are expected to notify the Board of their acceptance of any new directorship in other listed issuers.

Directors of the Company do not hold more than five (5) directorships in public listed companies and there is no restriction on number of directorships in non-public listed companies, as stipulated in the MMLR.

The listing of directorships held by Directors is disclosed by the respective Directors to the Board to ensure compliance to the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (cont'd)

Directors' Training

The NC assesses the training needs of each Director on an annual basis by determining areas that would strengthen their contribution to the Board. From the assessment, the NC is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.

All Directors have attended and successfully completed the Mandatory Accreditation Program prescribed by Bursa Securities.

The Directors will continue to participate in relevant training programs to keep abreast with the latest developments in the security industry, particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as directors effectively.

For the financial year ended 30 April 2019, the courses attended by the Directors include:

Name of Directors	Course / Seminar attended	
Datuk Leow Chong Howa	(i)	Corporate Liability Provision 2018 organised by ARAM Global Sdn Bhd
	(ii)	Multi-Tasking Techniques for Managing Daily Work Challenges Successfully organised by UVISION Training Centre Sdn Bhd
Mark Wing Kong	(i)	Corporate Liability Provision 2018 organised by ARAM Global Sdn Bhd
	(ii)	HSBC Asian Business Forum 2019: Waves of Changes organised by HSBC
Yap Chee Woon	(i)	HSBC Asian Business Forum 2019: Waves of Changes organised by HSBC
Leow Sok Hoon	(i)	Risk Management Conference 2018 organised by Malaysian Institute of Accountants
Neoh Lay Keong	(i)	Practical Approach and Guidelines to Risk Management and Internal Control organised by Bursatra Sdn Bhd
Dato' Dr Mohd Husni Bin Ahmad	(i)	Corporate Governance Compliance Expectations organised by Malaysian Institute of Corporate Governance
Toh Khiam Huat	(i)	2018 ACIIA Conference – Staying Relevant in a Digital Landscape organised by Asian Confederation of Institute of Internal Auditors
	(ii)	ICDM Powertalk with Professor CK Low "Would the Business Judgement Rule Helps Directors Sleep Better At Night?" organised by Institute of Corporate Directors Malaysia
	(iii)	Audit Committee Conference 2019 organised by Malaysian Institute of Accountants
Chew Kat Nyap	(i)	Practical Approach and Guidelines to Risk Management and Internal Control organised by Bursatra Sdn Bhd
	(ii)	Companies Act 2016 and Its Implications on Capital Market organised by CHK Consultancy Sdn Bhd
Teh Kok Heng	(i)	Financial Statement Analysis and Budgeting organised by FMM Institute
Leow Vinken	(i)	Maybank Economic Outlook organised by Maybank
	(ii)	Mastering the Rockefeller Habits 2.0 with Verne Harnish organised by YPO Malaysia Chapter
	(iii)	Leadership, Retention and Motivation + Team Development organised by Applied Tech People Development Sdn Bhd

The Company Secretary regularly updates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors will continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration

Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) Independent Non-Executive Directors and is entrusted by the Board to recommend the remuneration framework for Directors as well as the remuneration packages of Executive Directors and Senior Management to the Board. The policy practiced on Directors and Senior Management's remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Company and to align the interest of the Directors and Senior Management with those of the stakeholders.

During the financial year ended 30 April 2019, two (2) RC's meetings were held to review and recommend to the Board on the remuneration of the Directors and Senior Management. The details of attendance of each member at the RC meetings held during the financial year are as follows:-

	Number of Remuneration Committee Meeting	
Name of Remuneration Committee Members	**Held**	**Attendance**
Neoh Lay Keong (Chairman)	2	2
Dato' Dr Mohd Husni Bin Ahmad	2	2
Chew Kat Nyap	2	2

Terms of Reference

The details of the Terms of Reference of the RC are available at the Company's website at **www.lbalum.com**.

Directors' Remuneration

The remuneration package for Directors comprise the following elements:-

- **Fees and Meeting Allowance**

  The fees payable to each of the Non-Executive Directors are determined by the Board. All Non-Executive Directors are paid meeting allowances as determined by the Board as reimbursement for expenses incurred for attending the Board meetings.

- **Basic Salaries and Bonuses**

  The basic salaries and bonuses for the Executive Directors are recommended by the RC to the Board for approval.

  Bonus is a performance-based payment linked to the corporate performance as well as individual performance.

- **Benefits-in-kind**

  Customary benefits such as motor vehicle, club membership, mobile phone allowance are made available to the Directors in accordance with the policies of the Group.

The details of the remuneration of Directors for the Company and its subsidiaries for the financial year ended 30 April 2019 are disclosed on a named basis in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Audit Committee Composition

The Audit Committee ("AC") comprises three (3) Independent Non-Executive Directors namely Mr Toh Khiam Huat (Chairman), Mr Neoh Lay Keong and Dato' Dr Mohd Husni Bin Ahmad.

The Chairman of the AC is not the Chairman of the Board.

All the members of the AC are financial literate and collectively they possess wide range of skills and expertise to discharge their duties.

Audit Committee Meetings

The AC meets not less than four (4) times a year and is governed by clearly defined Terms of Reference. In the financial year ended 30 April 2019, the Committee met on five (5) occasions.

Yearly Assessment on Suitability and Independence of External Auditors

The AC performs a yearly assessment on the suitability, objectivity and independence of the External Auditors.

The AC is satisfied with the performance and objectivity of the Company's External Auditors, BDO PLT, for the audit engagement throughout the financial year ended 30 April 2019 before recommending to the Board for the re-appointment of BDO PLT as External Auditors for the financial year ending 30 April 2020.

Related Party Transaction

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the MMLR. The Board, through the AC, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider such matter.

The Circular to Shareholders dated 30 August 2019 as well as the notes to the financial statements herein provide further details on these related party transactions.

Terms of Reference

The details of the Terms of Reference of the AC are available on the Company's website at **www.lbalum.com**.

Attendance Record and Summary of Work Conducted

The attendance record of the AC members and summary of work conducted by the committee are disclosed in the Audit Committee Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

Risk Management Framework

The Board has formalised a risk management framework to safeguard the interest, and meet the expectations of its shareholders, employees, customers, other stakeholders and the many communities in which the Group conducts its business. This involves:

- Enhancing strategic competitiveness and operational efficiency that increases long term shareholders' value;
- Minimising unexpected impact to earnings and returns to shareholders;
- Safeguarding valuable assets and resources;
- Balancing expectations of various stakeholders; and
- Meeting existing regulatory requirements on risk management.

The Board requires the Group to maintain a rigorous risk management framework for identifying, evaluating, monitoring and managing the risks taken to achieve the Group's business objectives.

Risk Management Committee

The Board has established the Risk Management Committee, headed by the Group's CEO and assisted by the Group's Head of Finance and other key senior management to lead the implementation of the Group's risk management policy. The Risk Management Committee reports to the AC on its findings and the AC will report to the Board accordingly.

The Statement of Risk Management and Internal Control furnished in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

Internal Audit Function

The AC is responsible to ensure that the Group's internal audit function is operating effectively and independently.

An independent Internal Audit function was set up to assist and report directly to the AC in respect of the adequacy of the Group's internal control and risk management systems from the perspectives of governance, risks and controls. A summary of activities conducted by the Internal Audit function as well as the costs incurred in carrying out the function in respect of the financial year under review were set out in the Audit Committee Report of this Annual Report.

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

I. Communication with Stakeholders

Communication Policy

The Board recognizes the importance of maintaining an effective communication channel between the Board, shareholders and other stakeholders for timely dissemination of information. To facilitate this process, the Board has formalised a Corporate Disclosure Policies and Procedures with regards to the handling and disclosing of material information to the public.

Besides the direct communication and interaction with shareholders at the Company's Annual General Meeting, the Group has an official website at **www.lbalum.com** where useful information including corporate information, products and facilities, financial result and announcements are uploaded for easy access by the public. Shareholders or potential investor can also send their feedback or inquiries to the Company via the website. The Group's website is continuously updated to provide timely and accurate information to the users.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I. Communication with Stakeholders (cont'd)

Corporate Disclosure Policies and Procedures

The Board has outlined the Company's approach towards the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, preventing abuse of undisclosed material information and provides guidelines for achieving consistent disclosure practices.

The Corporate Disclosure Policies and Procedures ("Policy") applies to the conduct of all Directors and employees of the Company with regards to handling and disclosing material information.

The Policy covers all methods that the Company uses to communicate to the public:

a) Documents filed with the regulators, written statements made in the Company's annual and quarterly reports, press releases, letters, circulars to shareholders, e-mail communications and information on the Company's website; and

b) Oral statements made in group and individual meetings, interviews and press conferences and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, advisors and media).

The Policy does not apply to communication made in the ordinary course of business not involving material information.

II. Conduct of General Meetings

Notice of Annual General Meeting

The Company encourages its shareholders to attend the forthcoming Annual General Meeting ("AGM") which will be held in September this year. The Annual Report and notice of the AGM are sent to all shareholders at least twenty eight (28) days prior to the AGM. The notice of AGM is also published in a national newspaper. The notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

Attendance at Annual General Meeting

The AGM serves as a useful platform for shareholders to meet and communicate with the Board and encourages shareholders to participate in any discussion. The full Board including the Executive Chairman, Chief Executive Office, Executive Director and the Chairman of all the Board Committees attended the last AGM held on 28 September 2018. The Company's External Auditors, Head of Finance and Company Secretary were also present to clarify and explain any issues.

Voting at Annual General Meeting

The last AGM of the Company was held on 28 September 2018 with the appointment of a poll administrator and a scrutineer for the poll voting process. In accordance with the MMLR, the Board put all resolutions to vote by way of poll at the AGM and the results of the polling were made published to Bursa Securities as soon as the AGM was completed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

III. Statement on Directors' Responsibility

The Directors are required, pursuant to Section 251(2) of the Companies Act, 2016 (the "Act"), to draw up financial statements for each financial year that gives a true and fair view of the state of affairs of the Company and of the Group as at the end of the accounting period and of their results and cash flow for the year then ended. In addition, the Directors have the general responsibility for taking such steps as they are reasonably open to them to safeguard the assets of the Group and to prevent fraud and other irregularities. In preparing the financial statements for the year ended 30 April 2019, the Directors have:-

i) adopted the appropriate accounting policies, which are consistently applied;
ii) made reasonable and prudent judgments and estimates; and
iii) ensure that the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Act are complied with.

The Statement of Directors pursuant to the Act is set out in the Annual Report.

Shareholders may contact the Company's Executive Secretary, Ms Irene Leong to address any concern which a shareholder may have and she can be contacted via telephone, facsimile or electronic mail as follows:-

Tel. No. 03-2163 3688
Fax No. 03-2163 2122
e-mail: **irene@lbalum.com.my**

ADDITIONAL COMPLIANCE INFORMATION
AS AT 30 APRIL 2019

1. Audit Fees And Non-Audit Fees

The amount of non-audit fees paid or payable to firms or corporations affiliated to the external auditors for the financial year ended 30 April 2019 amounted to RM14,840 for the Company and RM44,421 for the Group respectively (2018: RM14,300 for the Company and RM40,524 for the Group). The amounts of audit fees paid or payable to the external auditors of the Company and the Group have been disclosed under Note 26 to the Audited Financial Statements of this Annual Report.

2. Material Contracts

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and/or its subsidiaries which involved Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year ended 30 April 2019 or, if not then subsisting, entered into since the end of the previous financial year.

3. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The related party transactions are set out in the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Further information on the recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 30 August 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance released in April 2017 requires the Board of Directors ("the Board") to maintain an effective governance structure to ensure the appropriate management of risks and level of internal controls to safeguard shareholders' investment and Company's assets and in compliance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Securities Listing Requirements").

The Board is pleased to present the statement on the risk management and internal control of the Group comprising the Company and its subsidiaries.

RESPONSIBILITY

The Board recognises the importance of a sound system of internal control and risk management framework to good corporate governance. The Board acknowledges its overall responsibility of ensuring the adequacy and effectiveness of the internal control system to safeguard shareholders' investments and the Group's assets. However, due to inherent limitations the Board recognises that such system is designed to manage rather than eliminate the risk of failure to achieve business objective and it should be noted that any system can only provide reasonable and not absolute assurance against the occurrence of any material misstatement of management and financial information and records, financial losses or fraud.

In pursuing its responsibility, the Board confirms that there is continuous effort to enhance the overall risk management process of identifying, evaluating and managing the significant risks by pursuing various initiatives and to enhance the tools and processes for effective management of risks faced by the company in its achievement of objectives and strategies. This is in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board, assisted by the Audit Committee and Risk Management Committee ("RMC") will continue to assess the adequacy and effectiveness of the internal controls systems, including risk management, financial, operational, information technology and compliance controls as well as the governance process.

RISK MANAGEMENT POLICY

The Board has, through its RMC, established a risk management and internal control framework that was implemented throughout the Group, which is firmly embedded in the Group's key processes.

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. Overall, the Board balances the need for risk-taking and the requirement for sustainable business growth in view of maximizing long-term shareholders' value growth. The Risk Management Policy has been in placed to identify key risks, the likelihood of those risks occurring as well as any strategy to control or manage those risks affecting the business. Ongoing overall risk management process also includes budgetary controls and regular meetings among senior management to assess:

- Performances of branches and other operating subsidiaries;
- Impact of changes in competition and operating environment; and
- Risks and opportunities in the business and the ensuing action plans.

The Risk Management Policy shall be to safeguard the interest and meet the expectations of its shareholders, employees, customers and the many communities as well as environment in which the Group conducts its business. This involves:

- Enhancing strategic competitiveness and operational efficiency that increases long term shareholders' value;
- Minimising unexpected impact to earning and returns to shareholders;
- Safeguarding valuable assets and resources;
- Balancing expectations of various stakeholders; and
- Meeting existing regulatory requirements on risk management.

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

MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS

The Board is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operation. The key elements are:

Control Environment

- Clear Group vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels.
- An organizational structure with clearly defined lines of responsibility, accountability and levels of authority, is in place to assist in implementing the Group's strategies and day-to-day business activities.
- A comprehensive Employee Policy Manual is developed to foster long-lasting and harmonious working relationship among the employees and set out standards code of conduct be adhered by the employees in performing their duties. The manual is regularly reviewed to incorporate the changes that will enhance working efficiency.
- Health and Safety Policies and Procedures are developed to assist in maintaining a safe working environment for all employees, under the purview of a Safety and Health Committee.
- There is a strong inherent corporate culture wherein any and all exceptional matters that require Senior Management's attention and/or decision were communicated and/or reported accordingly.

Control Activities

- Limits of authorities are imposed and regularly reviewed for improvements for revenue and capital expenditure for all operating units as well as credit limits and credit terms given to customers to keep potential exposure under control. Capital and revenue expenditure, acquisition and disposal of investment interests as well as business dealings with customers are all properly approved and documented before they are carried out.
- The Group also adopts a budgeting process where operating units prepare budgets for the following year, discussions are held between the Management and the heads of operating units to ensure the budgets are attainable and realistic. A management reporting system is in place to carry out monthly monitoring and review of financial results and forecasts against budgets for all business units, with remedial action taken immediately for major variances and followed up, where necessary.
- Regular visits to operating units within the Group by Executive Directors and key members of the Management.
- Emphasis is being placed on enhancing the quality and ability of employees through continuous training and development base on annual training plan as well as structured training program. Employees' competencies are assessed through the performance evaluation systems, potential areas for further development and training are highlighted by the heads of departments to expand the level of competencies of the employees.
- The effectiveness of the system of internal control is also reviewed through the ISO 9001 Quality Management System certification. The demanding documentation requirements of the certification further ensure a trail of accountability in the Company. The Group is ISO 9001-2015 certified.

Information and Communication Processes

- Implementation of Human Resources Management System is to assist users in managing its human resource optimally with greater effectiveness and efficiency. It covers the entire payroll function, ranging from capturing employees' information, calculation of salaries and pay, documentation and acting as an analytical tool for Human Resource planning and reports submission to authorities.
- Accounting Policies approved by the Board are applicable to the entire Group. Revisions and additions are made when necessary.

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

MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS (CONT'D)

Information and Communication Processes (cont'd)

- The Group has in place a business applications and related peripheral in maintaining an ethos of being responsive to changing market needs and resolve operational deficiencies.

- The Audit Committee reviews the quarterly financial results and evaluates the explanations and reasons for significant unusual variances noted thereof.

- The Audit Committee assists the Board in assessing the effectiveness of internal controls by reviewing reports from the internal and external auditors.

- The Group has implemented a whistle blowing policy to provide an avenue for employees, vendors and customers to report actual or suspected malpractice, misconduct or violations within the Group in a confidential manner, to develop and maintain high standard of corporate governance and business integrity. The whistle blowing policy is made available on the Company's website.

- A Personnel Data Protection Policy is available on the Company's website for the management, control and protection of confidential information used by the Group to avoid leakage and improper use of such information.

- The Group aspires to the highest standards of integrity and honesty in the everyday conduct of its business, the "no gift" policy is in place to assert the Company's stand on giving and accepting gifts in relation to suppliers and customers, to avoid conflict of interest or the appearance of conflict of interest in ongoing or potential business dealings between the Group and external parties.

Monitoring

- Documenting and updating Standard Operating Procedures for the Group are regularly reviewed for updates to resolve operational deficiencies or to meet new compliance requirements, dealings with suppliers and customers, to stay in line with changes in the marketplace and business objectives and plans, to form an integral part of the control system to safeguard the Group's assets against material loss and to ensure that the Group's strategic risks are adequately and effectively managed.

- The Group has implemented the Recurrent Related Party Transactions ("RRPT") Procedures to ensure proper identification and reporting of RRPT, and to ensure that the RRPT are conducted on arms-length basis, on prices and terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Group.

- Monthly Management Meetings are held regularly to identify, discuss and resolve strategic, operational, financial and key management issues.

- Other scheduled meetings held monthly or bimonthly include Credit Control Meeting to evaluate and approve credit terms and limits for customers; Sales and Marketing Meeting to formulate sales strategies, update market information as well as to review collection; and Production Meeting to resolve operational issues.

- In line with the Management's desire to enhance the performance of the Group, the Management has implemented a performance evaluation system based on Key Performance Indicators ("KPIs") to assess and reward executives and above of the Group. Top down target setting process with target cascading from the Executive Chairman has improved strategic focus and direction.

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

MONITORING AND REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROLS (CONT'D)

Risk Management

- The Board had established the Risk Management Committee ("RMC"), headed by the Group's Chief Executive Officer ("CEO") which comprises the Group's Head of Finance ("HOF") and senior management to identify, manage, update and assess the Group's risks, and thereafter to develop, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks.

- Risk management has been part of the Management's day-to-day operations and has in place a Risk Register where key risk profiles are established. The Risk Register is updated periodically wherein each fundamental risk has a risk owner who is responsible for ongoing monitoring and review of the risks and related controls and that action plans are developed and implemented to manage these risks and will report to the RMC on half yearly basis, and the same is presented at the Audit Committee meetings.

- Identify and review the risk elements that impact on the financial performances of the Group and establish mechanism to manage risk including and not limiting to volatility of foreign exchange rates, escalating cost of operations and competitive pricing of products.

- Adequate insurance of major assets is in place to ensure that assets are sufficiently covered against any mishap that may result in material losses and business interruption to the Company, which is reviewed annually.

- The RMC meets twice a year to review the execution of the risk management framework as well as to deliberate on the top business risk and the actions to be taken to mitigate the risk identified and present report to Audit Committee in a timely manner.

- Assessment of RMC's own performance with the signing off of the Risk Committee Performance Evaluation – Self-Assessment Questionnaire (RCPE-SAQ) on an annual basis.

INTERNAL AUDIT FUNCTION

The internal audit department on quarterly basis reports directly to the Audit Committee. Internal audit plans are reviewed and approved by the Audit Committee and the plans include independent appraisal on the compliance, adequacy and effectiveness of the Group's internal controls and to assess and monitor the effectiveness and implementation of the Groups' Risk Management Policies. Included in the reports are risk measures of issues identified and recommended corrections for implementation by the management. Follow-up reviews on previous audit recommendations are carried out to ensure compliance and appropriate actions have been implemented to address weaknesses highlighted to ensure that they are dealt with adequately.

ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

A number of internal control weaknesses were identified during the year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's annual report. The Board confirms that its system of risk management and internal control was operational throughout the financial year and up to the date of approval of the annual report.

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

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Groups' control environment and processes. During the year, there was no material loss caused by breakdown in internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 April 2019. The review was performed pursuant to the scope set out in Audit and Assurance Practice Guide 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. The external auditors reported that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of risk management and internal controls within the Group.

CONCLUSION

Notwithstanding the fact that the Group's system of risk management and internal controls do not eliminate the possibility of collusion or deliberate circumvention of procedures by employees or fraud or other unforeseen circumstances, the Board has received assurances from the Group's CEO and the Group's HOF that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is satisfied that during the year under review, there is a process in place to manage the Group's system of internal controls to mitigate any significant risks faced by the Group so as to safeguard shareholders' investments and the Group's assets.

SUSTAINABILITY STATEMENT

The preservation of the eco-system and the natural environment for the future generation while providing solutions for our customers has been an integral part of our corporate culture. We believe that by consistently following the sustainable development path will enable us to achieve our vision of becoming the **"Preferred Global Partner in Aluminium".**

ABOUT THIS REPORT

Our Sustainability Statement is designed to reflect the significant Economic, Environmental and Social ("EES") impacts of the Group's operations to facilitate decision making of stakeholders and contribute to the development of a sustainable aluminium industry.

Scope and Boundary

This report covers all subsidiaries of the Group which the Group has direct control and holds a majority stake.

Reporting Period

This report accounts our EES activities from 1 May 2018 to 30 April 2019. Historical information collected from previous years is included to provide a basis of comparison.

Report Guidelines

This report is prepared based on the following guidelines:-
- Principal Guideline: Bursa Malaysia Sustainability Reporting Guide
- Reference Global Reporting Initiatives ("GRI") Standards

Reporting Cycle

This report is prepared annually coinciding with our financial year ended 30 April 2019 ("FY2019").

Feedback and Comments

Please direct your feedback and comments to: **irene@lbalum.com.my**

MATERIALITY

We have used a materiality determination and prioritisation process to identify the most relevant topics to be addressed in this report. To assess materiality, we considered our overall Mission and Vision, competitive strategy, and the interests of our stakeholders. Materiality analysis allows us to identify key issues that will help guide our actions to achieve sustainable improvements.

Materiality Process

Material Indicators
Detemined and prioritised EES sustainability indicators that impact our stakeholders relevant to the Group's business and operations.

Stakeholder Influence
Created and prioritised a list of relevant stakeholder groups, who can provide a meaningful perspective on the Group's sustainability strategy.

Requested the stakeholders to rate the importance and impact of each indicator we identified.

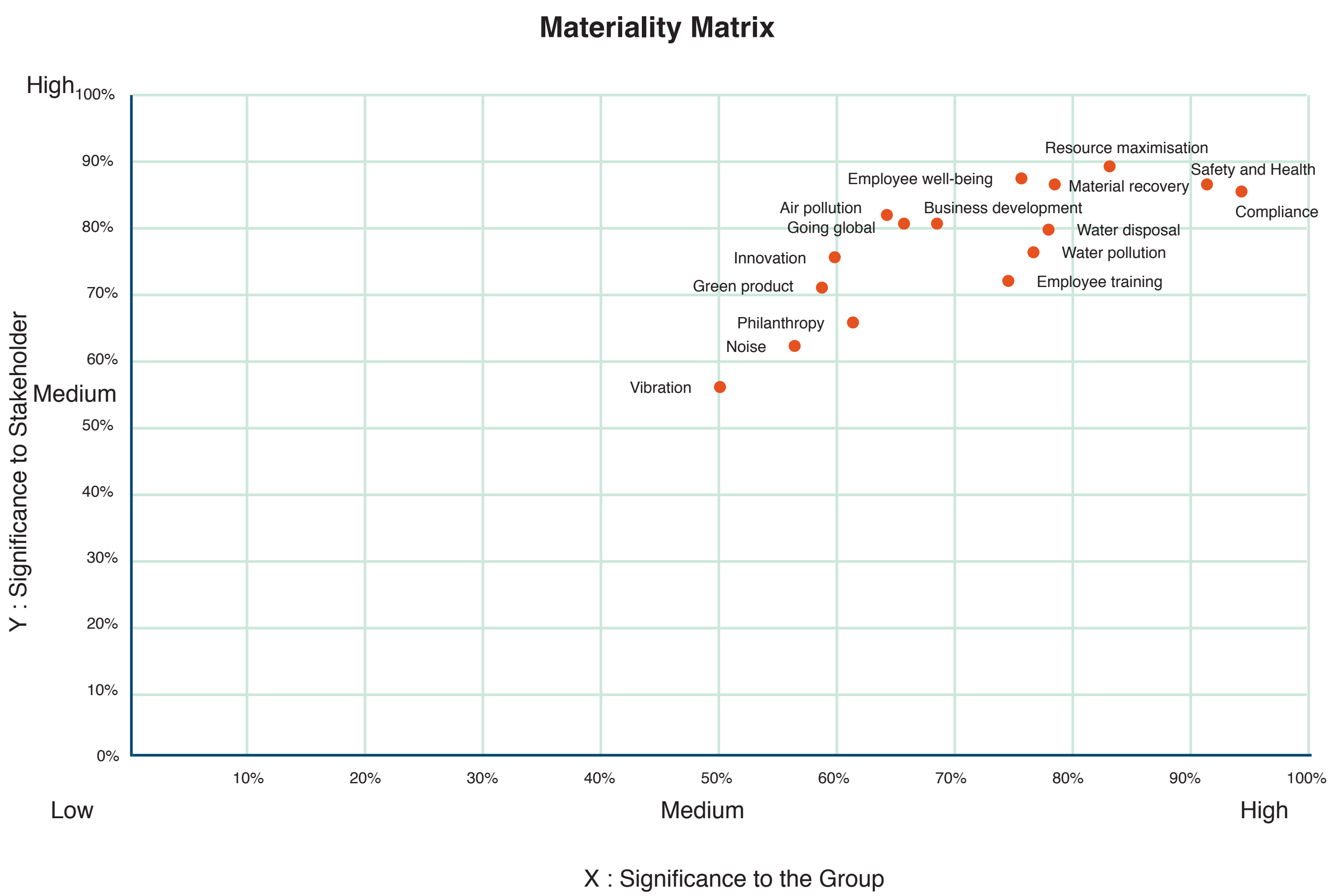
Review, Validation and Approval
The result of the matrix was reviewed and validated by the management to ensure it is in line with the Group's strategy.

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Matrix

The outcome of our materiality assessment in terms of the significance of the EES impacts to the organisation or their influence on stakeholder assessments and decisions are illustrated below:

The Group has identified sixteen (16) material issues as shown below. The X-axis represents the EES issues relevant to the Group and the Y-axis denotes the issues material to our stakeholders. The issues on the top right of the matrix are considered of highest significance to our Group and stakeholders.



The four(4) sustainable aspects that we determined to be the most important to our stakeholders and the Group are *Resource Maximisation, Safety and Health, Compliance* and *Material Recovery*. Resource Maximisation, Material Recovery and Compliance are intertwined and significant to protect the environment and reduce virgin material extraction. The Health and Safety of our employees are directly connected to our operation, and thus, we keep close risk management in these areas.

The least significant aspects are *Vibration, Noise* and *Philanthropy*. Our factory does not create noise and vibration that could adversely affect the community where we operate. Also, our factory location is away from residential community and is located at the designated industrial area.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a collaborative process that is critical to the success of the Group.

We practice a year-round engagement with stakeholders to offer timely responses that address and anticipate their concerns.

The table below shows the list of stakeholders with whom we engage and who we believe are impacted the most by our business activities. The table also catalogues their concerns and our responses to resolve such issues:

Stakeholder Group	Concerns	Responses
Shareholders	The Group's financial performance	· The Group will continue innovating and concentrate on improving its operational performance to ensure that the Group's margins are maintained · The Group will keep on identifying new business opportunities to sustain future business growth
	Communication with shareholders	· Shareholders are encouraged to attend the Company's General Meeting, where they can interact with the management · Timely disclosure of important information on the Company's website and immediate announcement made to Bursa Malaysia Securities Berhad
Employees	Occupational safety and health	· Establishment of an Occupational Safety and Health Committee · 24-hour security surveillance · Provision of safety gears for the protection of employees against serious injuries · Consistent promotion and constant updating of the awareness for safety precautions and health issues
	Career development	· Annual training plan · Employee participation in local and international trade fairs and exhibitions · Apprenticeship opportunities for eligible employees under HRDF's Apprenticeship Scheme
Suppliers	Long-term business relationship	· Conducting site visits at the suppliers' premises · Maintaining two-way communication with suppliers · Fair and ethical procurement process
Community	Community development	· Donations to schools, charity foundations and welfare bodies · Distribution of gifts to the needy during festivals
Customers	Quality of products, after-sales service and on-time delivery	· Stringent quality control · ISO 9001 certification · Adopting the "*Do it right the first time*" motto to achieve operational excellence · Annual customer surveys · Continuing to introduce state-of-the-art technologies and products
Government	Statutory compliance	· Conducting relevant trainings for employees · Strict monitoring to ensure compliance with relevant rules and regulations

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

Our key business principles:-
- State-of-the-art equipment
- Vigorous quality-control measures
- Listening to and working with our customers
- On-time delivery
- Innovation in design
- Commitment to eco-sustainability

In line with the Group's key business principles, the management is committed towards achieving the highest sustainability practices in driving our business to be a good steward of the Environment, Community and our Employees.

The Board provides guidance and oversight to ensure that the Company is equipped with the appropriate strategies and risk management processes to create sustainable values for all stakeholders. The Group's CEO drives the operational responsibility for sustainability matters, whereas the management team is responsible for formulating and implementing sustainability policies across the organisation.

The CEO and the senior management team report to the Board on a regular basis regarding sustainability issues and recommend the best practices for implementation.

All heads of departments are dedicated and unified to the common goal of proactively enhancing their respective department's sustainability practices throughout the Group. The Group's Occupational Safety and Health Committee is headed by our CEO and its members are represented by both the management and employee representatives.

The Group's Risk Management Policy includes EES components to safeguard the interest and meet the expectations of its shareholders, employees, customers, communities and the environment that are impacted by our business and operations.

By adhering to our key business principles and responding to shifts in sustainability matters, the management looks forward to continually improving the delivery of sustainable products and services.

Creating Worthiness

As we journey towards further success, the Group strives to create worthiness by becoming a company that our clients, employees and the community can depend on. As we unswervingly overcome the challenges brought about by economic, technological and geopolitical changes, we push our capability to navigate our trajectory towards the right path.

Supporting Local Business

We support Malaysia's infrastructure projects as well as property development and construction sectors. We constantly look into upgrading our technology, and augmented by our ongoing initiatives, we endeavour to produce better products and offerings.

Going Global

We are constantly upgrading the quality of our products to meet both local and international demand. As at today, our export markets include destinations in Europe, North America, China and South Asia, Australia and New Zealand as well as South East Asia.

ECONOMIC, ENVIRONMENTAL AND SOCIAL

A ECONOMIC

INVESTOR

The Group strives to enrich its corporate value by implementing a stable and long-term growth strategy that will benefit its shareholders. The Group maintains its efforts to engage with its shareholders through the following initiatives:

- Maximises the shareholders' wealth through consistent initiatives for achieving operational excellence and sustainable growth;
- Discloses and disseminates all material information in a timely, open, fair and transparent manner;
- Ensures that a robust system of corporate governance is in place;
- Implements policies that will promote ethical behaviour and conducts business responsibly in accordance with high standards and business ethics; and
- Engages with the shareholders and investors via various channels of communication, such as General Meetings of shareholders, press releases and the Company's website.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

A ECONOMIC (CONT'D)

SUPPLIER

The Group respects and works closely with its suppliers by fostering long-term relationships to realise mutual growth based on mutual trust. In this regard, the Group engages its suppliers through the following protocols:

- We are ISO 9001 certified. All of our suppliers must strictly comply with all relevant local laws and regulations. As part of our assessment process, we conduct site visits at selected suppliers and evaluate their financial performance to determine the viability of the supplies and assess any associated customer complaint. Biannual evaluation is performed for selected key suppliers to make sure that the bulk of our supplies remain optimal;
- We engage in ethical procurement practices by adopting standard and equitable procedures in evaluating the vendors' qualifications;
- We ensure that the supplied products are in accordance with the Group's requirements and standards; and
- We conduct an evaluation of suppliers to verify that the required standards are satisfied in the supply chain.

CUSTOMER

In line with the Group's mission of "*Customer Focus*", we are cognizant of our role as a responsible corporate entity and we endeavour to identify, manage and deliver sustainable value in our products and services.

Quality and Reliability

We have established our quality policy to prove our unwavering commitment in fulfilling the stringent requirements of product reliability and quality. In addition to our continuous ISO 9001 certification and our adherence to the other global quality standards, we are endeavouring to maintain world-class quality aluminium products.

Technology

The Group stays ahead of the market competition because of our initiatives to invest in new technologies. Our factories are equipped with state-of-the-art machineries and equipment from Japan, Italy, China as well as Germany. With technological advantage on our side, we are able to satisfy the strict requirements and specifications of our customers, as all our products are tested for quality assurance before delivery to customers.

Customer Engagement

We have established various forms of customer communication channels so that we can work closely and collaboratively with our valued customers to understand their needs and feedbacks. Timely and sustainable solutions will be devised in order to resolve the challenges.

a) Regular Visits

Regular visits to the customers enable us to meet market demands and modify the designs and technical specifications to meet the requirements of our global network of customers.

b) Monitoring

Quality reports and complaint systems are monitored closely to ensure issues are resolved in the shortest time and that similar problems do not reoccur.

c) Satisfaction Survey

Satisfaction surveys are conducted and results are used to understand our customers' satisfaction levels and experiences which give us a deeper understanding of our customers' expectations and define our actions moving forward.

Below are the results of the surveys conducted in the past 3 years:

Customer Satisfaction Survey

Rating Criteria	Scores (out of 100%)		
	2016	2017	2018
Quality	74%	78%	78%
Finishing	73%	79%	78%
Delivery	75%	81%	79%
Price	68%	83%	69%
After Sales Service	79%	83%	83%
Technical Support	72%	80%	77%
Overall	75%	82%	78%

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

A ECONOMIC (CONT'D)

Customer Engagement (cont'd)

d) Company's Website

Our customers may visit the Company's website at **www.lbalum.com** to gain information on our company profile, facilities, products and services. Product catalogues are downloadable and our contact information is provided for customers who wish to reach us.

e) Mobile Application

By using the Company's mobile application, our customers can access and download information on our products and catalogues anytime and anywhere on their mobile devices, such as smart phones and tablets.

B ENVIRONMENTAL

The growth of our Group is reflected not only by economic factors but also by our alignment with our stakeholders' interest and the Company's Mission of *"Care for the environment"*.

In contrast to other metal industries, the aluminium industry is in a remarkable position to offer sustainable and functional solutions for the society and the economy. Aluminium's elemental nature possesses an inherent and unique recyclability property. Once a particular aluminium product has reached its end of life, it can undergo an infinite recycling process for the benefit of future generations.

Our production process operates in a procedure designed to conserve resources, reduce discharges and emissions as well as recycle waste and production residuals. We identify and strive to minimise our environmental impacts during production by installing environmentally friendly mechanisms, practising active monitoring on waste management and continuously working on conserving resources.

Environmental Compliance

The environmental regulations that specifically apply to the Group are:-

- Environmental Quality Act 1974;
- Environmental Quality (Clean Air) Regulations 2014;
- Environmental Quality (Industrial Effluent) Regulations 2009; and
- Environmental Quality (Scheduled Wastes) Regulations 2005

We are committed to operate in accordance with these relevant laws and regulations, so that we can ensure that our operation procedures are of the prescribed standards.

Waste and Resources Management

In all of our facilities, we apply the "Reduce, Reuse and Recycle ("3Rs")" approach to achieve a more sustainable factory waste and resources management system. Our aim is to reduce the disposal costs, toxicity and consumption of natural resources and overall waste-related impacts.

a) Material Recovery

We strongly believe in fully harnessing the advantages of aluminium scrap recycling. This strategy leads to multiple pronged rewards: reduces waste, boosts the economy by supplying the demand for more aluminium products and curtails further extraction of metals. These ultimately result in savings in environmental and social costs.

Below is the percentage (%) of the recycled aluminium used in the production in the past 3 financial years:-

Recycled Aluminium

	FY2017	**FY2018**	**FY2019**
% of recycled aluminium	35%	36%	34%

b) Glove Recycling Project

A project that has been fundamental in our journey towards consistent improvement, particularly in terms of both environmental conservation and cost reduction is our Glove Recycling Project.

Instead of a one-time use, our used gloves for certain operation departments with heavy usage are sent to external party for reconditioning and cleaning. This endeavour is not merely a cost-saving measure but also an environmentally friendly way to reduce our impact to the surroundings. The used gloves can be recycled as many times as possible as long as the gloves are intact.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

B ENVIRONMENTAL (CONT'D)

Waste and Resources Management (cont'd)

c) Scheduled Wastes

To reduce the quantity and toxicity of our scheduled wastes, we have installed eco-friendly systems such as Caustic Recovery System, Acid Recovery System and Sludge Dryer while we reuse and refill chemical containers for liquid raw materials and/or chemicals.

In addition, there are established procedures for the collection of recyclable wastes which will contribute to environmental preservation. The following are the recyclable wastes that were collected and sold to external recycling companies during the financial year under review:

Recyclable Waste FY2019

Nature of Waste	Quantity
Aluminium Hydroxide	907,543 Kg
Aluminium Scrap and Saw Dust	149,798 Kg
Iron Scrap	74,980 Kg
Broken Mould	64,015 Kg
Paper and Plastic	41,782 Kg

For non-recyclable wastes, we have hired an external qualified waste management company to collect the non-recyclable hazardous wastes from our premises for proper disposal in accordance with the industrial standards.

d) Water Management

We endeavour to reduce our water consumption and manage our water discharge responsibly, so that the treated water can be returned safely to the water cycle whilst imposing minimum impact on the environment.

Effluent

We closely monitor the wastewater discharge in terms of quality and actual destination of discharge at our premises. We assess a total of more than 30 water quality parameters in our wastewater treatment plant. The analysis of the samples of wastewater that are discharged from our factories is carried out by an external party at a laboratory certified by the Department of Environment.

The Volume of the wastewater treated in the past 3 financial years:

Treated Wastewater

	FY2017	FY2018	FY2019
Volume (M^3)	464,930	511,890	424,317

Energy Management

The key to saving energy in our organisation is energy management. For this reason, our Group is consistently working to reduce our energy consumption and constantly raising awareness amongst employees about ways to improve process efficiencies and maximise productivity, strengthen standard operating procedures and implement the use of energy-efficient equipment.

Below are the details of our energy consumption in the past 3 financial years:-

Energy Consumption

	FY2017	FY2018	FY2019
Diesel (litres)	99,831	98,993	97,723
Natural Gas (Sm3)	4,013,772	4,064,897	3,901,824
Electricity (kWh)	39,950,181	41,433,560	40,359,516

Solar Energy

We are constantly exploring the use of renewable energy to reduce production cost as well as to minimise the energy-related environmental damage caused by fossil fuels. During the financial year under review, we have appointed a solar energy contractor to install a 1 MWp Solar System at our main factory in Beranang, and the physical installation and commissioning is expected to be completed by the second half of 2019.

At present, purchased electricity and fuels (diesel, natural gas and liquefied petroleum gas) are our main energy sources. The initiative to transition towards solar energy will reduce our dependency on fossil fuels and at the same time increase our commitment towards environmentally friendly renewable energy sources. The 1 MWp Solar System is expected to reduce the electricity consumption at our production facilities by approximately 1,400 megawatts per year.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

B ENVIRONMENTAL (CONT'D)

Environmental Training

To instil more sustainable practices in our workplace, we have designed sustainable environmental initiatives. In addition to daily reminders and internal environmental trainings, we send our employees to external trainings to ensure that our operations are in line with the current good practices, regulations and existing standards.

The external environmental training conducted for the financial year under review is as follows:

External Environmental Training for FY2019

Training Subject	Objectives	Number of Attendees	Number of Hours
Course on Certified Environmental Professional in Scrubber Operation	To impart knowledge and skills that would enable operators and supervisors to properly operate scrubbers to ensure compliance with the Clean Air Regulations 2014 and prevent episodes of scrubber failure	2	35

C SOCIAL

EMPLOYEE

The Group's employees are amongst its most valuable assets and are key drivers of our organisational success.

To this end, we employ various means of employee engagement in order to build a bright future and a decent working environment for our people.

Employee Trainings

The Company has made a concerted effort to attract, retain, motivate and develop the best talents that the industry can offer. We have organised multiple comprehensive training programmes that cover a wide range of topics: compulsory product and induction training; management and leadership skills; operation, technical and maintenance skills; sales and marketing; and quality and productivity improvement courses.

Each training category comprises a number of sub-categories that are specialised for employees of different classes and departments.

The following are the summary of the trainings provided to employees in the year under review:-

Training Type	Training Subcategories	No. of Attendees	Number of Hours
Compulsory Product and Induction	· New employee orientation	44	4
	· Intra-departmental training	21	4
	· Key performance indicator training	18	7
Management and Leadership Skills	· Leadership, retention and motivation	45	14
Sales and Marketing	· Product and system training	69	1

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

C SOCIAL (CONT'D)

EMPLOYEE (CONT'D)

Diverse Workforce

The Group welcomes talented employees from different backgrounds as we believe that the skill, expertise and work ethic of the employees are the attributes that will ultimately determine their success within the organisation.

The Group upholds equal opportunity and forbids harassment of any kind. Employees who are found engaging in activities of harassment or discrimination will be held liable to strict disciplinary action.

The number of our employees categorised by gender and age group is shown in the table below:-

Number of Employees as at 30 April 2019	*By Age Group* 20 – 30 years old	31 – 40 years old	41 years old and above	Total
By Gender				
Male	317	250	224	791
Female	55	51	33	139
Total	372	301	257	930

Work Life Balance

Our employees collectively work towards a shared objective and spend a significant amount of time interacting with one another in a professional setting. As such, the Group recognises the importance of nurturing positive employee relationships through team-building activities and social gatherings. We highlight the celebration of major achievements, important milestones and other events that are important to our employees.

The employees are encouraged to participate in weekly badminton games sponsored by the Company to promote work life balance amongst the employees. Sports tournaments of badminton and bowling are organised annually with winners receiving awards.

For the financial year under review, the Group has organised a Hari Raya Celebration for our Muslim staffs in June 2018. The Group also organised an Annual Dinner Event at the Everly Hotel, Putrajaya in March 2019 where all employees were invited to celebrate the Group's recognition and appreciation for their contributions to the Group.

Employee Retention

The Group recognises the employees' contributions and achievements in accomplishing the Company's goals by rewarding bonuses and incentives to maintain a high performance work force. We established Long Service Award in recognition of our employees' loyalty, dedication and commitment towards the Company. Meanwhile, we also provide medical benefits, hospitalisation and personal accident insurance coverage as well as educational support for the children of employees in need.

Safety and Health

Safety and Health is embedded in our Mission of "*We provide safe work environment*" and is ranked high amongst our materiality theme. The Group's Occupational Safety and Health Committee ("OSHC") is headed by the CEO and consists of management and employee representatives from different functional groups. The OSHC is responsible for the group-wide continuous improvement, enforcement and promotion of the internal and external workplace safety, health and welfare in our operations.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

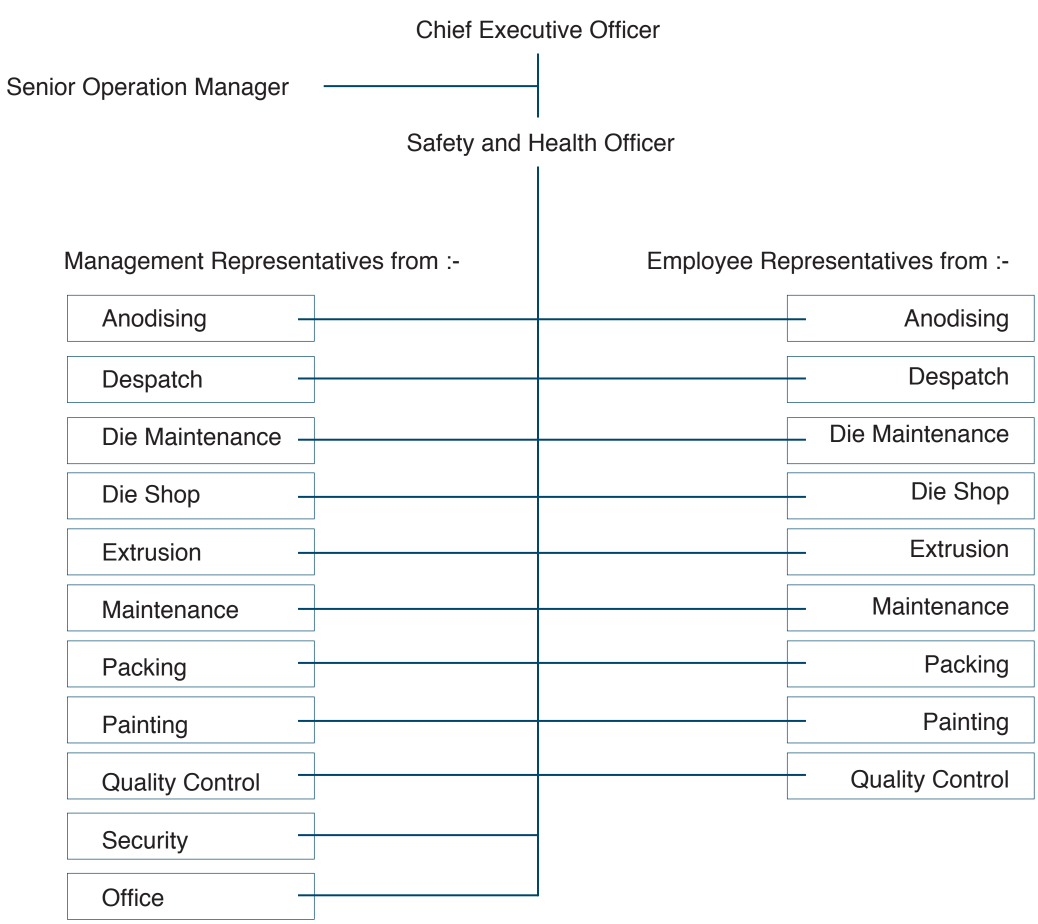
C SOCIAL (CONT'D)

EMPLOYEE (CONT'D)

Safety and Health (cont'd)

The following is the structure of the OSHC:-

OCCUPATIONAL SAFETY AND HEALTH COMMITTEE



Personal protective equipment including ear plugs, helmets, safety shoes, eye goggles, mask and gloves are provided to relevant employees to prevent the occurence of serious injuries. Employees are required to wear the protective equipment at all times during work hours to minimise the chances of workplace hazards.

In August 2018, the Group conducted an audiometric testing for its factory workers as a means of preventing occupational hearing loss amongst workers. By comparing current audiometric test results with those conducted in previous years, early hearing loss can be detected, and appropriate measures can be implemented to prevent further damage.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

C SOCIAL (CONT'D)

EMPLOYEE (CONT'D)

Safety and Health Trainings

Our internal and external safety and health programmes are structured by our OSHC and prioritised based on the requirements of specific operation sites and work areas. The orientation and job trainings on safety and health education aim to instil proper knowledge as well as to eliminate unsafe working habits and attitude that may result in possible accidents in the workplace.

The following are the safety and health programmes conducted in the year under review:-

Topics	Objectives	Participants	Training Hours
Emergency Response Team	To ensure that all emergency exits are not obstructed	OSHC members	4
Use of Fire Extinguisher	To teach employees how to use a fire extinguisher	All employees	1
21st Conference and Exhibition on Occupational Safety and Health	To embrace latest development in occupational safety and health issues	Safety and Health Officer	14
Hazard Identification, Risk Assessment and Risk Control	To assess hazards and risks whilst providing methods for controlling the risks	OSHC members	14
Safety of Handling Overhead Crane	To impart the safe operating procedures, awareness and understanding of potential hazards and accidents in crane operation	Crane operator; Assistant supervisor; and Production supervisors	1
Forklift Safety	To show the safe operation of an industrial forklift	Forklift driver; Assistant supervisor; and Production supervisors	1

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC, ENVIRONMENTAL AND SOCIAL (CONT'D)

C SOCIAL (CONT'D)

COMMUNITY

The Group takes great care to prevent any adverse EES impact in the communities where we operate. We pride ourselves on being a responsible corporate entity and we strictly adhere to all laws and regulations put forth within the district of operations.

Moreover, the Group recognises the co-relationship between business growth and community well-being and welfare. Therefore, to fulfil our corporate responsibility to the community, we express our commitment to improve community sustainability by organising various activities that are aimed towards promoting community engagement and addressing the needs of less-fortunate and underprivileged families.

The initiatives taken by the Group include:
- Monetary donations to schools, charity, welfare and voluntary associations;
- Welfare visits and contributions to charitable organisations;
- Distribution of gifts to neighbouring communities and the needy during festivals; and
- Encouragement of our employees to participate in voluntary works for charitable events.

For the financial year under review, the Group visited Rumah Kebajikan Homecare Kajang in October 2018 and donated household items for the benefit of the elderly who were in need. The Group also visited Beautiful Gate Foundation Petaling Jaya in March 2019 and provided aluminium products for the renovation works of the centre.

AUDIT COMMITTEE REPORT

COMPOSITION

Toh Khiam Huat (Chairman)
Independent Non-Executive Director

Neoh Lay Keong
Senior Independent Non-Executive Director

Dato' Dr Mohd Husni Bin Ahmad
Independent Non-Executive Director

TERMS OF REFERENCE

The terms of reference for the Audit Committee can be viewed at the Company's website at **www.lbalum.com**.

ATTENDANCE

During the financial year ended 30 April 2019, five (5) Audit Committee's meetings were held. The details of attendance of each member at the Audit Committee meetings held during financial year 2019 are as follows:-

	Number of Audit Committee Meeting	
Name of Audit Committee Members	**Held**	**Attendance**
Toh Khiam Huat	5	5
Neoh Lay Keong	5	5
Dato' Dr Mohd Husni Bin Ahmad	5	4

SUMMARY OF WORK CONDUCTED DURING THE YEAR

The activities conducted were in accordance with the terms of reference of the Committee that included the following:

i) reviewed the draft quarterly and year-end results of the Company and the Group before recommending to the Board for its approval;

ii) reviewed the audited financial statements of the Company and the Group prior to submission to the Board for consideration and approval;

iii) reviewed the External Auditors' scope of work and audit plan for the year. The audit plan was presented by representatives from the External Auditors;

iv) met with the External Auditors before finalisation of the audited accounts for the year under review without the presence of Executive Directors or Management;

v) reviewed the Internal Auditors' reports and audit plan for the year;

vi) reviewed the External Auditors' report and management letter;

vii) reviewed the Risk Management Policy and the Risk Management Committee's reports;

viii) reviewed the related party transactions and any conflict of interest that may arise within the Group;

ix) considered and recommended to the Board the re-appointment of the External Auditors and their audit fees after taking into consideration the independence of the External Auditors;

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK CONDUCTED DURING THE YEAR (CONT'D)

x) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to inclusion in the Company's Annual Report;

xi) conducted self-assessment on the effectiveness of the Committee and the contribution of each individual committee members; and

xii) reviewed the adequacy of the scope, functions, competency and resources of the Company's Internal Audit Function and whether it has the necessary authority to carry out its work.

All the requirements under the terms of reference were complied with and the Audit Committee did not see any matters in breach of the Bursa Malaysia Securities Berhad's Listing Requirements that warrant reporting to Bursa Malaysia Securities Berhad.

INTERNAL AUDIT FUNCTION

The internal audit function is independent and has no involvement in the operations of the Group. It was set up within the Company to assist and report directly to the Audit Committee in providing assurances that the internal control system of the Group is effective and adequate.

For the year under review, audits were performed to evaluate and identify any weaknesses of the internal controls affecting the Group, the adequacy of the existing system of controls and to recommend measures to management to improve and rectify any weaknesses. The Management is responsible for ensuring corrective actions on reported weaknesses are taken within the required time frame.

For the financial year ended 30 April 2019, a total of Twenty-six (26) audit reviews were carried out in various areas. The audit reviews covered the following key risk areas, in accordance with the approved audit plan:-

a) Manufacturing Division
- Aluminium Processing Works
- Anodising Process
- Die Fabrication
- Maintenance
- Quality Control
- Raw Material
- Recycled Material

b) Trading Division
- Despatch
- Sales and Marketing
- Warehouse

c) Support Division
- Finance
- Human Resources
- Information Technology

d) Branches
- Penang
- Klang Valley

The costs incurred for the internal audit functions in respect of the financial year ended 30 April 2019 was RM163,832.

EXECUTIVE CHAIRMAN'S STATEMENT

"Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 30 April 2019."

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

Overview

After a challenging and eventful year, the world economy ended 2018 with a 3.6% growth. During the year, notable issues that attracted global attention include the escalation of United States-China trade tensions, credit tightening in China and normalisation of monetary policy in advanced economies. The global prices of aluminium have fallen during the financial year due mainly to the implementation of steel and aluminium tariff in the United States. Meanwhile, the Malaysian Ringgit ("MYR") weakened against the United States Dollar ("USD") due to external factors including global trade tensions and weaker crude oil prices.

The Group's overall performance improved on the back of higher revenue as well as lower raw material cost and better margins. At the same time, the weaker MYR has also resulted in improved export revenue which contributed positively to the Group's performance.

Looking forward, the International Monetary Fund has projected a moderate global growth at 3.3% in 2019 subject to various downside risks such as the tensions in trade policy of the major economies and risks surrounding Brexit.

On the local front, Bank Negara Malaysia has projected a 4.3% to 4.8% growth for the Malaysian economy in 2019 with the local economy expected to sustain its growth momentum from the previous year. Domestic demand will be the main growth driver in 2019, supported by the ongoing expansion in private sector activity. The Malaysian growth in 2019 is expected to face several downside risks including the prolonged trade tensions between US and China, volatility in global oil prices as well as the oversupply in the local property market which may affect the property development and construction activities in the country.

The Group is committed towards maintaining a good relationship with its customers and business partners while continuing to look out for new business opportunities. Meanwhile, we will also continue to focus on innovation and operational efficiencies to sustain our turnover and profit growth so that the Group is well-positioned to weather any potential adversity ahead.

Your Board is optimistic that barring unforeseen circumstances, the Group will remain profitable for the forthcoming year.

EXECUTIVE CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

The Group reported another year of record-breaking revenue of RM532.9 million for the financial year 2019 ("FY2019"), an increase of 4.5% from RM509.8 million of the previous financial year ("FY2018"). In line with the revenue growth and better margins, the Group reported profit before taxation of RM15.5 million (FY2018: RM7.6 million) and profit after taxation of RM12.2 million (FY2018: RM6.1 million) in FY2019.

I am pleased to report that our initial foray into property development as stated in my previous year Executive Chairman's Statement has been positive. For the current financial year, we recognised a share of profit of RM2.5 million from a 20%-owned associate, Vistarena Development Sdn Bhd.

Earnings per share for the FY2019 was 4.90 sen (FY2018: 2.45 sen) based on the total number of issued shares of the Company of 248,486,334.

As at 30 April 2019, the Company's net assets per share was RM1.18 (FY2018: RM1.18) while shareholders' funds stood at RM293.4 million (FY2018: RM293.9 million).

Corporate Developments

On 18 September 2018, the Company has incorporated a new wholly-owned subsidiary, Facade Performance Lab Sdn Bhd ("FPL"), to carry out structural, water and air infiltration performance tests for windows, doors and facades, products compliance testing and inspection, window design consultancies, other window, door facade related performance testing. FPL has commenced business in January 2019.

On 5 October 2018, the Company has subscribed for 51,000 new ordinary shares representing 51% of equity interest in Citajaya Kuasa Sdn Bhd ("CITAJAYA") for a cash consideration of RM51,000. CITAJAYA has on the same day subscribed for 2,000,000 new ordinary shares representing 80% of equity interest in Contras Build Sdn Bhd ("CONTRAS") for a cash consideration of RM2,000,000. The principal activities of CITAJAYA and CONTRAS are investment holding and property development respectively. The subscriptions in CITAJAYA and CONTRAS are in line with the Group's plan to diversify its business into property development.

Other than the above, the Group did not have any significant corporate developments to report for the financial year 2019 as activities were mainly concentrated on enhancing productivity and operational efficiencies.

Dividend

The Group is committed to consistently reward our loyal shareholders for their continuous support with payment of a fair return in their investment. The quantum of such dividend payment is dependent on factors such as earnings, capital expenditure requirements, business expansion plans, costs of servicing existing borrowings and other factors to be considered by the Board of Directors.

The Board of Directors is pleased to recommend a first and final single-tier dividend of 1.50 sen (2018: 1.00 sen) per ordinary share based on the total number of issued shares of 248,486,334 amounting to RM3,727,295 (2018: RM2,484,863) in respect of the financial year ended 30 April 2019 which is subject to the approval of shareholders at the forthcoming annual general meeting.

Appreciation

On behalf of the Board, I would like to express my heartfelt appreciation to all our employees for their dedication, loyalty and hard work put in during the financial year. Our thanks are also extended to our valued shareholders, customers, suppliers, bankers, government agencies and to others whose supports are invaluable to the continued success of the Group. Finally, I would like to sincerely thank my fellow directors for their invaluable insights and contributions throughout the financial year.

Datuk Leow Chong Howa
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

The Group achieved another breakthrough in revenue with RM532.9 million recorded for financial year ended 30 April 2019. In line with the historical high revenue, the consolidated profit before taxation ("PBT") and profit after taxation ("PAT") improved substantially to RM15.5 million and RM12.2 million respectively.

OVERVIEW OF BUSINESS AND OPERATIONS

The Group is principally engaged in the business of manufacturing, marketing and trading of aluminium extrusions and other metal products. During the financial year, the Group ventured into property development business via its 20% owned associate, Vistarena Development Sdn Bhd. The details of the Company's profile are stated in pages 2 and 3 of this Annual Report. The Group operates mainly in Malaysia with approximately 66% of its revenue generated from domestic market and the remaining 34% from overseas market.

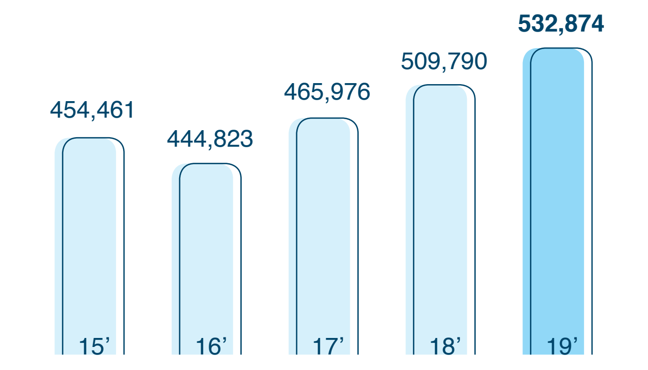
REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS

The following table is the financial highlights of the Group for the past 5 financial years:-

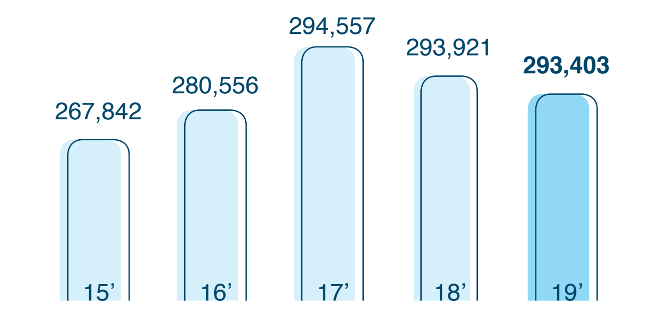
		Financial Year Ended 30 April ("FY")				
		2019	**2018**	**2017**	**2016**	**2015**
Revenue	RM'000	**532,874**	509,790	465,976	444,823	454,461
EBITDA	RM'000	**33,911**	30,455	47,466	38,767	35,145
Profit Before Taxation	RM'000	**15,473**	7,634	25,494	16,309	15,215
Profit After Taxation	RM'000	**12,158**	6,097	17,953	15,721	13,191
PATAMI	RM'000	**12,169**	6,097	17,953	15,721	13,191
Total Assets	RM'000	**509,880**	503,258	488,381	448,897	456,425
Total Liabilities	RM'000	**215,975**	209,337	193,824	168,341	188,583
Total Shareholders' Equity	RM'000	**293,403**	293,921	294,557	280,556	267,842
Net Gearing Ratio	Times	**0.35**	0.30	0.18	0.16	0.32
Earnings Per Share (EPS)	Sen	**4.90**	2.45	7.22	6.33	5.31
Net Asset Per Share	RM	**1.18**	1.18	1.19	1.13	1.08

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

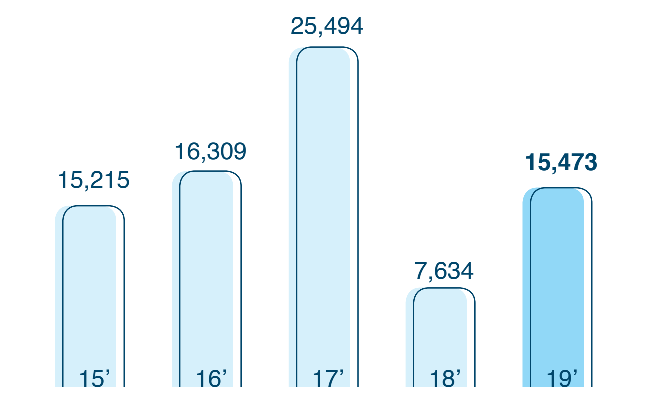
REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)



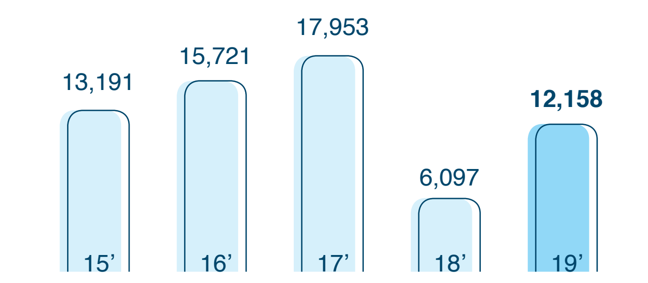
Revenue (RM'000)



Total Shareholders' Equity (RM'000)



Profit Before Taxation (RM'000)



Profit After Taxation (RM'000)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

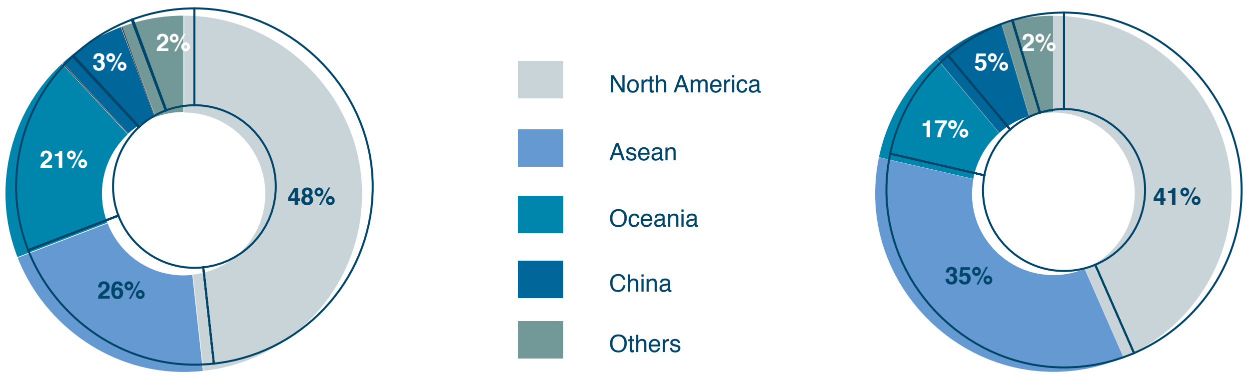
REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

(a) Revenue

The Group's revenue grew from RM509.8 million to RM532.9 million in the current financial year mainly attributed to the increase in sales volume from the overseas market. Export sales' contribution increased to 34% of the total revenue compared to 30% for the previous year. North America remained the main contributor followed by Asean countries and Oceania region for the Group's export market.

FY2019 GROUP'S EXPORT REVENUE (RM'000)

FY2018 GROUP'S EXPORT REVENUE (RM'000)



(b) Profit before taxation

The Group's profit before taxation increased by 103.9% from RM7.6 million to RM15.5 million in the current financial year due mainly to increase in revenue and improved margins, as well as profit contribution from the Group's associate of RM2.5 million.

(i) Revenue and margins

The increase in export revenue was due mainly to the weakened MYR against USD. Meanwhile, the global aluminium prices have stabilised during the financial year and the overall margins of the Group has improved as a result of lower raw material cost.

(ii) Contribution from an associate

Vistarena Development Sdn Bhd, a 20% owned associate of the Company, has contributed a share of profit of RM2.5 million in the current financial year. The existing residential project at Kampung Muhibbah, Kuala Lumpur has received overwhelming response and the project has achieved overall sales of more than 90.0% as at 30 April 2019.

(iii) Finance costs

The Group recorded higher finance costs in the current financial year (FY2019: RM6.3 million vs FY2018: RM4.4 million) due to increase in borrowings attributed mainly to the Group's investment in an associate and acquisition of an investment property.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF GROUP'S FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

(c) Profit after taxation

The Group's profit after taxation increased by 100.0% from RM6.1 million to RM12.2 million in the current financial year in line with the aforementioned higher revenue and margins as well as contribution from the associate.

(d) Financial position

The Group's total assets increased by 1.3% to RM509.9 million compared to RM503.3 million as at the last financial year. The increase of RM6.6 million in total assets was due mainly to the newly acquired investment property of RM24.9 million and investment in an associate of RM8.5 million. The Group's property, plant and equipment and inventories stood at RM194.8 million (FY2018: RM223.1 million) and RM105.1 million (FY2018: RM109.6 million) respectively. Meanwhile, the Group's cash position including short term fund, fixed deposits as well as cash and bank balances was RM31.3 million (FY2018: RM37.3 million) as at 30 April 2019.

On the liabilities side, the Group's total liabilities increased by 3.2% or RM6.7 million to RM216.0 million from RM209.3 million in the last financial year. The increase in total liabilities was due mainly to the increase in borrowings of RM10.1 million during the current financial year.

The Group's gearing ratio was kept at a healthy and manageable level of 0.35 times (FY2018: 0.30 times) as at 30 April 2019 despite the corporate exercises carried out in the current financial year, namely the investment in associate and the acquisition of investment property. The Group's capital management strategy is to focus on maintaining a low and healthy gearing ratio whilst creating and maximising shareholders' value. By having a healthy gearing ratio, the Group will be able to place itself in a better position to capture new business opportunity and withstand economic adversities.

CAPITAL EXPENDITURE ("CAPEX")

The Group's estimated total CAPEX for the financial year ending 30 April 2020 ("FY2020") is at RM24.5 million, of which its breakdown is shown below:

		Amount	
Asset Group	**Main Usage**	**(RM'000)**	**(RM'000)**
Plant and machinery	General upgrading works	8,925	
	Solar power system	3,700	
			12,625
Buildings	New warehouse		7,448
Office equipment	Upgrade of ERP system and IT hardware		4,276
Others			138
Total CAPEX for FY2020			**24,487**

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED BUSINESS RISKS

The Group is exposed to several business risks such as market competition, fluctuations of aluminium prices, volatility in currency exchange rates, political and economic instability and execution risk for property development projects.

(a) Market competition

Today, aluminium is used in many industries including transport, construction, consumer goods, packaging as well as electrical engineering due to its light weight, excellent conductor of electricity and durability in nature.

In dealing with market competition, the Group has adopted a proactive approach by continuously improving efficiencies and upgrading its facilities to ensure timely delivery of quality products and provision of the expected services to our ever discerning customers. We also have the largest extrusion press in Malaysia to cater to the needs of our clientele.

(b) Fluctuations of raw material prices

The Group's main raw material is aluminium billet. As aluminium is a global resource with growing demand, the prices for aluminium billets are susceptible to factors like disruption in supply chain, changes in economic conditions, geopolitical tensions and fluctuation of foreign exchange rates. When the price of the aluminium billets fluctuates, the Group's profit margin will be affected.

The Group is constantly monitoring the price movement of aluminium and will adjust the selling prices accordingly. The Group is also actively managing the costs of production as well as improving efficiency and recovery to maintain our margins. For large orders, we will hedge forward the aluminium prices to lock in our margins.

(c) Volatility in currency exchange rates

The Group is subject to foreign currency risk as our imports of the aluminium and most of the exports are both denominated in USD. When the MYR fluctuates against the USD, the price of the imported aluminium and revenue generated from export sales will fluctuate and profit margins will be impacted accordingly. Under normal circumstances, exports sales that are denominated in USD will provide a natural hedge against any impact of volatility in currency exchange rates on the imported aluminium prices and vice versa. In the event the MYR is weakening against the USD and price of imported aluminium goes up, the Group will also adjust our selling prices to mitigate its impact.

To minimise the impact of the foreign currency risk, the Group also practises foreign currency hedging of significant payment for raw material in USD as and when we see fit.

(d) Political and economic instability

The Group operates mainly in Malaysia with approximately 66% of its revenue for the current financial year derived from domestic sales. The performance of the Group is significantly dependent upon the stability of the local political climate as well as the solidity of the Malaysian economy.

The Group is following closely on the development of the local political and economic conditions to detect any potential downside risk as well as to take preventive measures to mitigate the impact of such risks.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED BUSINESS RISKS (CONT'D)

(e) Execution risk for property development projects

The Group ventured into property development business via its investments in an associate and non-wholly owned subsidiaries. The delay in completion of any property development project will result in liquidated ascertained damages payable to the house buyers which will adversely affect the Group's profits as well as cash flows.

The Group is working closely with its business partners to execute the operation and management of the property development as well as to ensure all the development progresses are up to date. Our business partners are reputable entities that have proven track record in property development industry for many years. Notwithstanding, the Group will be closely monitoring every development of each project undertaken to ensure its performance and sustainability as it progresses.

The Group will exercise caution in evaluating any future opportunity to invest in the property development industry.

OUTLOOK

The Malaysian economy expanded by 4.5% in the first quarter of 2019 as the services sector, agricultural sector and manufacturing sector registered a growth of 6.4%, 5.6% and 4.2% respectively. Private sector consumption remained the main growth driver for the quarter. Moving forward, the Malaysian economy is expected to sustain its performance in 2019 underpinned by continuous support from private sector consumption.

The Group has benefited from the weakening of MYR against USD as our export sales are mostly priced in USD. The weakened MYR has enabled the Group to position itself better to compete globally as we were able to price our products more competitively. Consequently, the Group's export revenue grew 20% in the current financial year. Meanwhile, the lower aluminium prices has resulted in lower input cost for the Group and thus improving overall margins for the year.

The Group is continuously looking into our processes to improve efficiency and reduce operational costs in order to enhance its profit margins. The Group has planned to invest into solar power system for its factories in Beranang and the installation works are expected to be completed in the second half of 2019. This would reduce the Group's electricity cost moving forward.

The Group has ventured into the property development business during the current financial year and we have registered positive return from the business for FY2019. We expect the business to continue its positive contribution to the Group's bottom line in the coming financial year.

Given its strength and stability, the Group is cautiously optimistic, barring unforeseen circumstances, that the prospects of LB Aluminium Berhad for the forthcoming year would remain profitable.

BRANCH NETWORK

BRANCHES IN MALAYSIA

Head office

Lot 11, Jalan Perusahaan 1
Kawasan Perusahaan Beranang
43700 Beranang, Semenyih
Selangor Darul Ehsan

Tel	**General** 03-8725 8822 **Sales** 03-8725 8833
Fax	**General** 03-8725 8828 **Sales** 03-8725 8826 **Sales** 03-8725 8886 **Export** 03-8725 8866
E-mail	enquiry@lbalum.com.my
Website	www.lbalum.com

Johor Bahru

14 & 18, Lot PLO 206, Jalan Angkasa Mas 5
Kawasan Perindustrian Tebrau II
81100 Johor Bahru
Johor Darul Takzim

Tel 07-355 0546
Fax 07-355 0549

Penang

Lot 241 (PT 1075), Tingkat Perusahaan 6
Kawasan Perusahaan Perai
13600 Perai
Pulau Pinang

Tel 04-397 6998
04-397 6995
Fax 04-397 6997

Kuantan

No. 4, Jalan IM 3/6
Kawasan Perindustrian Bandar Indera Mahkota
25200 Kuantan
Pahang Darul Makmur

Tel 09-573 6666
Fax 09-573 3322

Kota Kinabalu

Lot 7, Lorong Mangga-3 SEDCO Industrial Estate
5 ½ Miles (Off Jalan Kolombong)
88450 Kota Kinabalu, Sabah

Tel 088-436 421
088-436 422
Fax 088-436 423

Klang Valley

Block 3-1-17, Jalan Nagasari A 36/A
Pusat Dagangan Latania
Desa Latania, Seksyen 36
40470 Shah Alam
Selangor Darul Ehsan

Tel 03-5166 2239
03-5166 5078
03-5166 5079
Fax 03-5166 3829

Melaka

Lot 90, Jalan IKS MJ 4
Taman Malim Jaya
75250 Melaka

Tel 06-337 3389
Fax 06-337 2389

BRANCH NETWORK (CONT'D)

OPERATING SUBSIDIARIES IN MALAYSIA

ALBE MARKETING SDN. BHD. (446723-K)

53 & 55, Jalan PBS 14/10
Taman Perindustrian Bukit Serdang
43300 Seri Kembangan
Selangor Darul Ehsan

Tel 03-8945 4919
03-8945 4920
03-8945 4921
Fax 03-8945 4916
Email albemarketing@lbalum.com.my

ALBE METAL SDN. BHD. (562008-A)

Lot 9A, Jalan Fimas
Off Jalan Simpang Balak
Kawasan Perindustrian Fimas
43000 Kajang
Selangor Darul Ehsan

Tel 03-8736 3988
03-8733 8188
03-8733 8288
Fax 03-8741 8993

LB ALUMINIUM (SARAWAK) SDN BHD (811266-T)

Lot 846 & 847, Block 7, MTLD
Sejingkat Industrial Park
93050 Kuching
Sarawak

Tel 082-439 633
Fax 082-432 893

FACADE PERFORMANCE LAB SDN BHD (1295338-T)

Lot 11, Jalan Perusahaan 1
Kawasan Perusahaan Beranang
43700 Beranang, Semenyih
Selangor Darul Ehsan

Tel 03-8725 8933
Email enquiry@fpl.com.my

SUBSIDIARY OVERSEAS

LB ALUMINIUM (SINGAPORE) PTE LTD (200009299G)

No.11 Kaki Bukit Road 1
#03-07 Eunos Technolink
Singapore 415939

Tel +65-6345 9131
+65-6745 5693
Fax +65-6745 5627

DISTRIBUTORS / DEALERS IN MALAYSIA

- Kangar
- Alor Setar
- Butterworth
- Ipoh
- Kuala Lumpur
- Shah Alam
- Seremban
- Melaka
- Johor Bahru
- Kuantan
- Kuala Terengganu
- Kota Bharu
- Kota Kinabalu
- Kuching

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing, marketing and trading of aluminium extrusions and other metal products. The principal activities and details of the subsidiaries and an associate are disclosed in Notes 9 and 10 to the financial statements respectively. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	12,158	4,170
Attributable to:		
Owners of the parent	12,169	4,170
Non-controlling interests	(11)	–
	12,158	4,170

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 30 April 2018:	
First and final single tier dividend of 1.00 sen per ordinary share, was paid on 19 October 2018	2,485

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.50 sen per ordinary share amounting to RM3,727,295 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 April 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS OF LB ALUMINIUM BERHAD

The Directors who have held office during the financial year and up to the date of this report are as follows:

Datuk Leow Chong Howa
Mark Wing Kong
Yap Chee Woon
Leow Sok Hoon
Neoh Lay Keong
Dato' Dr. Mohd Husni Bin Ahmad
Toh Khiam Huat
Chew Kat Nyap
Teh Kok Heng
Leow Vinken (Alternate Director to Datuk Leow Chong Howa)

DIRECTORS OF SUBSIDIARIES OF LB ALUMINIUM BERHAD

Pursuant to Section 253 (2) of the Companies Act 2016, the Directors of the subsidiaries of LB Aluminium Berhad during the financial year and up to the date of this report are as follows:

Datuk Leow Chong Howa
Mark Wing Kong
Yap Chee Woon
Leow Vinken
Leow Vinzie
Chia King Ling
Khik Lap Fun
Ng Yong Huat
Tan Chung Tee
Tan Wei Kiat
Yap Chee Keong
Yap Chee Sen
Datuk Seri Gan Yu Chai
Gan Kah Siong
Gan Yee Hin (Alternate Director to Datuk Seri Gan Yu Chai)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 April 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	< ----------- Number of ordinary shares			----------- >
	Balance as at 1.5.2018	**Bought**	**Sold**	**Balance as at 30.4.2019**
Shares in the Company				
Direct Interests				
Datuk Leow Chong Howa	74,973,406	–	–	**74,973,406**
Mark Wing Kong	3,643,500	–	–	**3,643,500**
Yap Chee Woon	844,300	–	–	**844,300**
Leow Sok Hoon	18,368,504	–	–	**18,368,504**

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (cont'd)

By virtue of Datuk Leow Chong Howa's substantial interest in the shares of the Company, he is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

The other Directors holding office at the end of the financial year did not hold any beneficial interest in ordinary shares of the Company or ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the followings:

(i) remuneration received or due and receivable by certain Directors from the related corporations in their capacity as Directors or executives of the related corporations; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 31 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 31(c) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM10,000,000 and RM20,000 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

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

DIRECTORS' REPORT (CONT'D)

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

(I) AS AT THE END OF THE FINANCIAL YEAR (cont'd)

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SUBSIDIARIES

Details of subsidiaries are set out in Note 9 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 April 2019 are disclosed in Note 26 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership, was converted to a limited liability partnership.

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

Datuk Leow Chong Howa	**Mark Wing Kong**
Director	Director

Kuala Lumpur
15 August 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 75 to 175 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Datuk Leow Chong Howa	**Mark Wing Kong**
Director	Director

Kuala Lumpur
15 August 2019

STATUTORY DECLARATION

I, Yoong Gin Way (CA 18307), being the officer primarily responsible for the financial management of LB Aluminium Berhad, do solemnly and sincerely declare that the financial statements set out on pages 75 to 175 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
15 August 2019)

Before me: **Yoong Gin Way**

Baloo T. Pichai
No. W663
Commissioner for Oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LB ALUMINIUM BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LB Aluminium Berhad, which comprise the statements of financial position as at 30 April 2019 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 75 to 175.

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 30 April 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Recoverability of trade receivables

As at 30 April 2019, gross third parties trade receivables of the Group and the Company were RM110,581,000 and RM89,562,000 respectively, as disclosed in Note 14 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures included the following:

(a) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group and the Company;

(b) recomputed the correlation coefficient between forward looking factors, used by the Group and the Company, and historical credit losses to determine the appropriateness of the forward-looking information used by the Group and the Company; and

(c) inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LB ALUMINIUM BERHAD (CONT'D)

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 ability of the Group and of the Company 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:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LB ALUMINIUM BERHAD (CONT'D)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 9 to the financial statements.

Other matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lum Chiew Mun
03039/04/2021 J
Chartered Accountant

Kuala Lumpur
15 August 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**194,759**	223,113	**162,736**	189,482
Investment property	8	**24,914**	–	**–**	–
Investments in subsidiaries	9	**–**	–	**14,114**	14,063
Investment in an associate	10	**8,452**	–	**6,000**	–
Other investment	11	**1,103**	1,103	**1,103**	1,103
Amounts owing by subsidiaries	14	**–**	–	**44,561**	10,000
Deferred tax assets	12	**97**	7	**–**	–
		229,325	224,223	**228,514**	214,648
Current assets					
Inventories	13	**105,089**	109,618	**92,073**	97,244
Trade and other receivables	14	**140,897**	130,665	**105,127**	122,509
Current tax assets		**3,282**	1,386	**3,250**	1,254
Derivative financial assets	15	**–**	70	**–**	70
Short term fund	16	**14,260**	–	**14,260**	–
Cash and bank balances	17	**17,027**	37,296	**13,510**	33,313
		280,555	279,035	**228,220**	254,390
TOTAL ASSETS		**509,880**	503,258	**456,734**	469,038

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	**125,771**	125,771	**125,771**	125,771
Reserves	19	**167,632**	168,150	**136,307**	142,627
		293,403	293,921	**262,078**	268,398
Non-controlling interests	9(b)	**502**	–	**–**	–
TOTAL EQUITY		**293,905**	293,921	**262,078**	268,398
LIABILITIES					
Non-current liabilities					
Borrowings	20	**–**	5,000	**–**	5,000
Deferred tax liabilities	12	**20,468**	22,434	**18,891**	20,926
		20,468	27,434	**18,891**	25,926
Current liabilities					
Trade and other payables	22	**59,985**	61,577	**44,095**	57,444
Borrowings	20	**135,190**	120,042	**131,670**	117,270
Current tax liabilities		**332**	284	**–**	–
		195,507	181,903	**175,765**	174,714
TOTAL LIABILITIES		**215,975**	209,337	**194,656**	200,640
TOTAL EQUITY AND LIABILITIES		**509,880**	503,258	**456,734**	469,038

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	23	**532,874**	509,790	**484,367**	464,150
Cost of sales		**(472,256)**	(462,164)	**(436,197)**	(426,620)
Gross profit		**60,618**	47,626	**48,170**	37,530
Other operating income	24	**4,386**	3,941	**5,722**	6,324
Marketing and distribution expenses		**(25,539)**	(22,948)	**(20,766)**	(18,192)
Administrative expenses		**(18,231)**	(14,655)	**(15,971)**	(13,328)
Other operating expenses		**(1,960)**	(1,939)	**(4,531)**	(1,803)
Finance costs	25	**(6,253)**	(4,391)	**(6,122)**	(4,273)
Share of results of an associate	10	**2,452**	–	**–**	–
Profit before tax	26	**15,473**	7,634	**6,502**	6,258
Tax expense	27	**(3,315)**	(1,537)	**(2,332)**	(776)
Profit for the financial year		**12,158**	6,097	**4,170**	5,482
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations		**208**	(521)	**–**	–
Total comprehensive income for the financial year		**12,366**	5,576	**4,170**	5,482

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

		Group		Company	
		2019	2018	**2019**	**2018**
	Note	**RM'000**	RM'000	**RM'000**	**RM'000**
Profit/(loss) attributable to:					
Owners of the parent		**12,169**	6,097	**4,170**	5,482
Non-controlling interests		**(11)**	–	**–**	–
		12,158	6,097	**4,170**	5,482
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**12,377**	5,576	**4,170**	5,482
Non-controlling interests		**(11)**	–	**–**	–
		12,366	5,576	**4,170**	5,482
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	28	**4.90**	2.45		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

		<---Non-distributable--->		Distributable		
Group	Note	Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Total equity RM'000
Balance as at 1 May 2017		125,771	4,710	164,076	294,557	294,557
Profit for the financial year		–	–	6,097	6,097	6,097
Other comprehensive loss, net of tax		–	(521)	–	(521)	(521)
Total comprehensive (loss)/income		–	(521)	6,097	5,576	5,576
Transaction with owners						
Dividend paid	29	–	–	(6,212)	(6,212)	(6,212)
Total transaction with owners		–	–	(6,212)	(6,212)	(6,212)
Balance as at 30 April 2018		125,771	4,189	163,961	293,921	293,921

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

Group	Note	Share capital RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
		<--Non-distributable-->		*Distributable*			
Balance as at 1 May 2018		125,771	4,189	163,961	293,921	–	293,921
Adjustments on initial application of:							
- MFRS 9	5.1(c)	–	–	(2,900)	(2,900)	–	(2,900)
- MFRS 15	5.1(c)	–	–	(7,510)	(7,510)	–	(7,510)
		–	–	(10,410)	(10,410)	–	(10,410)
Balance as at 1 May 2018, as restated		125,771	4,189	153,551	283,511	–	283,511
Profit/(Loss) for the financial year		–	–	12,169	12,169	(11)	12,158
Other comprehensive income, net of tax		–	208	–	208	–	208
Total comprehensive income/(loss)		–	208	12,169	12,377	(11)	12,366
Transactions with owners							
Dividend paid	29	–	–	(2,485)	(2,485)	–	(2,485)
Acquisition of subsidiaries		–	–	–	–	513	513
Total transactions with owners		–	–	(2,485)	(2,485)	513	(1,972)
Balance as at 30 April 2019		125,771	4,397	163,235	293,403	502	293,905

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

	Note	*Non-distributable* Share capital RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
Company				
Balance as at 1 May 2017		125,771	143,357	269,128
Profit for the financial year		–	5,482	5,482
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	5,482	5,482
Transaction with owners				
Dividend paid	29	–	(6,212)	(6,212)
Total transaction with owners		–	(6,212)	(6,212)
Balance as at 30 April 2018		125,771	142,627	268,398
Balance as at 1 May 2018		**125,771**	**142,627**	**268,398**
Adjustments on initial application of :				
- MFRS 9	5.1(c)	**–**	**(1,844)**	**(1,844)**
- MFRS 15	5.1(c)	**–**	**(6,161)**	**(6,161)**
		–	**(8,005)**	**(8,005)**
Balance as at 1 May 2018, as restated		**125,771**	**134,622**	**260,393**
Profit for the financial year		**–**	**4,170**	**4,170**
Other comprehensive income, net of tax		**–**	**–**	**–**
Total comprehensive income		**–**	**4,170**	**4,170**
Transaction with owners				
Dividend paid	29	**–**	**(2,485)**	**(2,485)**
Total transaction with owners		**–**	**(2,485)**	**(2,485)**
Balance as at 30 April 2019		**125,771**	**136,307**	**262,078**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**15,473**	7,634	**6,502**	6,258
Adjustments for:					
Depreciation of property, plant and equipment	7	**12,099**	18,430	**11,015**	17,097
Depreciation of investment property	8	**86**	–	**–**	–
Dividend income from:					
- other investment	24	**(49)**	(49)	**(49)**	(49)
- subsidiaries	24	**–**	–	**(600)**	(2,240)
Fair value loss/(gain) on:					
- derivative instruments		**70**	(248)	**70**	(248)
- other investment		**–**	517	**–**	517
Impairment losses on:					
- trade receivables	14	**287**	121	**99**	25
- other receivables	14	**–**	–	**326**	–
Inventories written down/(back)	13	**28**	(221)	**–**	–
Interest income:					
- deposits with licensed banks	24	**(931)**	(1,104)	**(906)**	(1,077)
- amounts owing by subsidiaries	24	**–**	–	**(1,613)**	(550)
Interest expense	25	**6,253**	4,391	**6,122**	4,273
Fair value loss on discounting of non-current amounts owing by subsidiaries		**–**	–	**2,436**	–
Loss on acquisition of subsidiaries		**24**	–	**–**	–
Net loss/(gain) on disposal of property, plant and equipment		**142**	6	**142**	(1)
Reversal of impairment losses on:					
- trade receivables	14	**(1,004)**	(1,681)	**(777)**	(940)
- other receivables	14	**(144)**	–	**(8)**	–
Share of profit of an associate	10	**(2,452)**	–	**–**	–
Unrealised (gain)/loss on foreign exchange		**(146)**	590	**(146)**	588
Written off of:					
- inventories	13	**156**	141	**156**	141
- other receivables		**77**	–	**77**	–
- property, plant and equipment	7	**1**	2,551	**–**	2,358
Operating profit before changes in working capital		**29,970**	31,078	**22,846**	26,152
Changes in working capital:					
Inventories		**4,352**	(13,491)	**5,015**	(12,013)
Trade and other receivables		**(12,447)**	(9,860)	**8,136**	(7,683)
Trade and other payables		**8,317**	(11,901)	**(3,342)**	(13,089)
Amounts owing by subsidiaries		**–**	–	**(819)**	(685)
Cash generated from/(used in) operations		**30,192**	(4,174)	**31,836**	(7,318)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash generated from/(used in) operations		**30,192**	(4,174)	**31,836**	(7,318)
Tax paid		**(4,326)**	(5,827)	**(3,649)**	(3,184)
Tax refunded		**123**	2,051	**–**	170
Net cash from/(used in) operating activities		**25,989**	(7,950)	**28,187**	(10,332)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	37	**92**	–	**–**	–
Acquisition of a subsidiary	9	**–**	–	**(51)**	–
Proceeds from disposal of property, plant and equipment		**474**	1	**474**	559
Purchase of property, plant and equipment	7	**(3,990)**	(18,156)	**(3,694)**	(17,972)
Purchase of investment property	8	**(25,000)**	–	**–**	–
Interest received		**931**	1,104	**906**	1,077
Advances to subsidiaries		**–**	–	**(26,889)**	(1,023)
Dividends received		**49**	49	**49**	49
Withdrawals of deposits with licensed banks (more than 3 months)	17	**14,510**	15,000	**14,510**	15,000
Investment in an associate	10	**(6,000)**	–	**(6,000)**	–
Placement of short term fund	16	**(14,260)**	–	**(14,260)**	–
Net cash used in investing activities		**(33,194)**	(2,002)	**(34,955)**	(2,310)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(6,253)**	(4,391)	**(6,122)**	(4,273)
Dividend paid	29	**(2,485)**	(6,212)	**(2,485)**	(6,212)
Advances from subsidiaries		**–**	–	**600**	2,240
Repayments of term loan		**(5,000)**	(5,000)	**(5,000)**	(5,000)
Drawdown/(Repayments) of revolving credits		**20,000**	(10,000)	**20,000**	(10,000)
(Repayments)/drawdown of bankers' acceptances, net		**(4,682)**	44,422	**(5,430)**	44,700
Net cash from financing activities		**1,580**	18,819	**1,563**	21,455
Net (decrease)/increase in cash and cash equivalents		**(5,625)**	8,867	**(5,205)**	8,813
Effects of exchange rate changes on cash and cash equivalents		**36**	(463)	**82**	(412)
Cash and cash equivalents at beginning of the financial year		**22,616**	14,212	**18,633**	10,232
Cash and cash equivalents at end of the financial year	17	**17,027**	22,616	**13,510**	18,633

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Reconciliation of liabilities arising from financing activities					
Borrowings at 1 May *		**124,872**	95,450	**122,100**	92,400
Cash flows		**10,318**	29,422	**9,570**	29,700
Borrowings at 30 April *	20	**135,190**	124,872	**131,670**	122,100

* Borrowings exclude bank overdrafts.

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019

1. CORPORATE INFORMATION

LB Aluminium Berhad ("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 of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at Lot 11, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 30 April 2019 comprise the Company and its subsidiaries and the interest of the Group in an associate. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 August 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing, marketing and trading of aluminium extrusions and other metal products. The principal activities and details of the subsidiaries and an associate are disclosed in Notes 9 and 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 May 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation

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

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

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

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual arrangements; and

(c) The voting rights of the Group and potential voting rights.

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

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

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

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

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

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. 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 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 Business combination

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

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

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

   (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

   (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combination (cont'd)

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The principal depreciation rates and periods are as follows:

Leasehold land	Over the lease period
Buildings	2%
Plant and machinery	Over the useful lives of 10 to 25 years
Motor vehicles	10% - 20%
Office equipment	10% - 25%
Furniture and fittings	10%
Dies and moulds	20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress representing machinery and furniture and fittings under installation are stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Property, plant and equipment and depreciation (cont'd)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Investment property

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

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

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

Freehold land is not depreciated. Depreciation is charged to profit or loss on straight-line method over the estimated useful lives of the investment property. The principal depreciation rate of building is 2%.

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Leases and hire purchase

(a) Finance leases and hire purchase

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

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

(b) Operating leases

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

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

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the building is regarded as the economic life of the entire leased asset.

4.7 Investments

(a) Subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments (cont'd)

(a) Subsidiaries (cont'd)

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale in accordance with MFRS 5).

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

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments (cont'd)

(b) Associates (cont'd)

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest available audited financial statements and management financial statements to the end of the reporting period. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when the equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.8 Goodwill on consolidation

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.9 Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

4.10 Inventories

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

Cost is determined using the weighted average method. Cost of consumables and raw materials comprises all costs of purchase plus the cost of bringing the inventories to their existing location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.11 Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

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

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

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(a) Financial assets

Current financial year - Accounting policies applied from 1 May 2018

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of any impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Current financial year - Accounting policies applied from 1 May 2018 (cont'd)

(ii) Financial assets measured at fair value (cont'd)

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

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

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

Previous financial year - Accounting policies applied until 30 April 2018

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Previous financial year - Accounting policies applied until 30 April 2018 (cont'd)

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

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

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

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

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Previous financial year - Accounting policies applied until 30 April 2018 (cont'd)

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

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

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Current financial year - Accounting policies applied from 1 May 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Current financial year - Accounting policies applied from 1 May 2018 (cont'd)

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

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Previous financial year - Accounting policies applied until 30 April 2018

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

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

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

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

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

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

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

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(c) Financial guarantee contract

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

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

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

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

4.12 Equity

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

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

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

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

When the Company repurchases its own equity share capital, the consideration paid including any directly attributable incremental external costs are included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed.

The shares repurchased are being held as treasury shares in accordance with Section 127 of Companies Act 2016. The Company may distribute the treasury shares as dividend to the Shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Securities or cancel the shares in accordance with Section 127 of Companies Act 2016.

When repurchased shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the owners of the Company. Any difference between the resale price and the carrying amount of the repurchased shares is accounted as a movement in reserves in statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Impairment of financial assets

Current financial year - Accounting policies applied from 1 May 2018

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and futures forecasts in economic conditions of the Group's industry to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information (gross domestic product (GDP) and aluminium price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables and amounts owing by related parties are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Impairment of financial assets (cont'd)

Previous financial year - Accounting policies applied until 30 April 2018

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

(a) Loans and receivables

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

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

The carrying amount of loans and receivables are reduced through the use of an allowance account.

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

(b) Available-for-sale financial assets

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

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

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Borrowing costs

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

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

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

4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on the disposal of properties.

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

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profit (including withholding taxes payable by foreign subsidiary on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

4.17 Contingent liabilities and contingent assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

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

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

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiary makes contributions to its country's statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.19 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

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

(c) Foreign operation

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Foreign currencies (cont'd)

(c) Foreign operation (cont'd)

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

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

4.20 Revenue recognition

Current financial year - Accounting policies applied from 1 May 2018

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(b) Services

Revenue from services rendered is recognised at a point in time when services have been rendered to the customer and coincides with the delivery of services and acceptance by customers.

Revenue recognition not related to revenue contract with customer is described below:

(a) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Revenue recognition (cont'd)

Current financial year - Accounting policies applied from 1 May 2018 (cont'd)

Revenue recognition not related to revenue contract with customer is described below (cont'd):

(b) Management fee

The provision of management fee is recognised when services are rendered.

(c) Interest income

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

(d) Rental income

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

Previous financial year - Accounting policies applied until 30 April 2018

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

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

(a) Sale of goods

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

(b) Other income

(i) Dividend income

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

(ii) Management fees

Management fees are recognised when services are rendered.

(iii) Interest income

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

(iv) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Earnings per share

(a) Basic

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

(b) Diluted

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

4.22 Operating segments

Operating segments are defined as components of the Group that:

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

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

(c) for which discrete financial information is available.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.23 Fair value measurements

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

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

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

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

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

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

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company. The impact on the adoption of MFRS 9 and MFRS 15 on the financial statements of the Group and of the Company are described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 prospectively, with an initial application date of 1 May 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and of the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments (cont'd)*

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group and of the Company by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments (cont'd)*

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 May 2018:

	Classification		Carrying amount	
	Existing under MFRS 139	**New under MFRS 9**	**Existing under MFRS 139 RM'000**	**New under MFRS 9 RM'000**
Group				
Financial assets				
Trade and other receivables, net of prepayments and deposit for land and building aquisition	L&R	AC	128,307	**124,683**
Other investment	FVTPL	FVTPL	1,103	**1,103**
Derivative financial assets	FVTPL	FVTPL	70	**70**
Cash and bank balances	L&R	AC	37,296	**37,294**
Financial liabilities				
Trade and other payables, net of progress claim and rentention payable	OFL*	AC	51,703	**51,703**
Borrowings	OFL*	AC	125,042	**125,042**
Company				
Financial assets				
Trade and other receivables, net of prepayments	L&R	AC	131,010	**128,584**
Other investment	FVTPL	FVTPL	1,103	**1,103**
Derivative financial assets	FVTPL	FVTPL	70	**70**
Cash and bank balances	L&R	AC	33,313	**33,313**
Financial liabilities				
Trade and other payables, net of progress claim and rentention payable	OFL*	AC	46,920	**46,920**
Borrowings	OFL*	AC	122,270	**122,270**

* Other Financial Liabilities

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group and the Company adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 May 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(b) MFRS 15 *Revenue from Contracts with Customers* (cont'd)

The following summarises the impact of adopting MFRS 15 on the statements of financial position of the Group and of the Company as at 30 April 2019 and the statements of profit or loss and other comprehensive income for the financial year then ended for each of the line items affected.

(i) Statements of financial position as at 30 April 2019

Group	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Non-current assets			
Property, plant and equipment	194,759	20,249	215,008
Deferred tax assets	97	–	97
Others	34,469	–	34,469
	229,325	20,249	249,574
Current assets			
Trade and other receivables	140,897	–	140,897
Others	139,658	–	139,658
	280,555	–	280,555
Total assets	509,880	20,249	530,129
Equity			
Retained earnings	163,235	11,530	174,765
Others	130,670	–	130,670
	293,905	11,530	305,435
Non-current liabilities			
Deferred tax liabilities	20,468	(2,232)	18,236
	20,468	(2,232)	18,236
Current liabilities			
Trade and other payables	59,985	10,951	70,936
Others	135,522	–	135,522
	195,507	10,951	206,458
Total equity and liabilities	509,880	20,249	530,129

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(b) MFRS 15 *Revenue from Contracts with Customers* (cont'd)

(i) Statements of financial position as at 30 April 2019 (cont'd)

Company	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Non-current assets			
Property, plant and equipment	162,736	19,441	182,177
Others	65,778	–	65,778
	228,514	19,441	247,955
Current assets			
Trade and other receivables	105,127	–	105,127
Others	123,093	–	123,093
	228,220	–	228,220
Total assets	456,734	19,441	476,175
Equity			
Retained earnings	136,307	9,863	146,170
Others	125,771	–	125,771
	262,078	9,863	271,941
Non-current liabilities			
Deferred tax liabilities	18,891	(1,909)	16,982
	18,891	(1,909)	16,982
Current liabilities			
Trade and other payables	44,095	11,487	55,582
Others	131,670	–	131,670
	175,765	11,487	187,252
Total equity and liabilities	456,734	19,441	476,175

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(b) MFRS 15 Revenue from Contracts with Customers (cont'd)

(ii) Statements of profit or loss and other comprehensive income for the financial year ended 30 April 2019

Group	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Revenue	532,874	(188)	532,686
Cost of sales	(472,256)	582	(471,674)
Tax expense	(3,315)	(945)	(4,260)
Others	(45,145)	–	(45,145)
Profit for the financial year	12,158	(551)	11,607
Total comprehensive income for the financial year	12,366	(551)	11,815
Company			
Revenue	484,367	(14)	484,353
Cost of sales	(436,197)	632	(435,565)
Tax expense	(2,332)	(912)	(3,244)
Others	(41,668)	–	(41,668)
Profit for the financial year	4,170	(294)	3,876
Total comprehensive income for the financial year	4,170	(294)	3,876

(iii) Prior to the adoption of MFRS 15, the Group and the Company recognised deferred income, which represented advanced payments received from customers for fabrication of customised dies and moulds used to manufacture customised aluminium extrusion products over a period of five (5) years. The costs to develop the customised dies and moulds were capitalised as part of the property, plant and equipment. Accordingly, the deferred income was recognised as revenue and the amortisation of the customised dies and moulds were recognised over the period of five (5) years respectively.

Under MFRS 15, fabrication of customised dies and moulds is a distinct performance obligation from the production of customised aluminium extrusion products and revenue would be recognised at a point in time when control of the customised dies and moulds have been transferred to the customers. The costs to develop dies and moulds would be reimbursed from the customers upon completion of the dies and moulds and would be recognised as costs to fulfil the performance obligation in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

5.1 New MFRSs adopted during the financial year (cont'd)

(c) The impact of adopting MFRS 15 and MFRS 9 to the statements of financial position of the Group and of the Company as at 1 May 2018 are as follows:

	Impact of change in accounting policies			
	Carrying amounts as at 30 April 2018 RM'000	Adjustments MFRS 15 RM'000	Adjustments MFRS 9 RM'000	Carrying amounts as at 1 May 2018 RM'000
Group				
Non-current assets				
Property, plant and equipment	223,113	(19,668)	–	203,445
Deferred tax assets	7	–	87	94
Impact to non-current assets	223,120	(19,668)	87	203,539
Current assets				
Trade and other receivables	130,665	–	(3,624)	127,041
Cash and bank balances	37,296	–	(2)	37,294
Impact to current assets	167,961	–	(3,626)	164,335
Non-current liabilities				
Deferred tax liabilities	(22,434)	2,292	639	(19,503)
Current liabilities				
Trade and other payables	(61,577)	9,866	–	(51,711)
Equity				
Retained earnings	163,961	(7,510)	(2,900)	153,551
Company				
Non-current assets				
Property, plant and equipment	189,482	(18,809)	–	170,673
Current assets				
Trade and other receivables	122,509	–	(2,426)	120,083
Non-current liabilities				
Deferred tax liabilities	(20,926)	2,132	582	(18,212)
Current liabilities				
Trade and other payables	(57,444)	10,516	–	(46,928)
Equity				
Retained earnings	142,627	(6,161)	(1,844)	134,622

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

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

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Venture*s	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements* to *MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to *References to the Conceptual Framework in MFRS Standards*	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

<u>Recoverability of trade receivables</u>

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.5.2018	Adjustment on initial application of MFRS 15 (Note 5.1)	Restated as at 1.5.2018	Additions	Disposals	Written off	Depreciation charge for the financial year	Reclassifications	Exchange translation differences	Balance as at 30.4.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount										
Freehold land	23,555	–	23,555	–	–	–	–	–	–	23,555
Leasehold land	7,478	–	7,478	–	–	–	(149)	–	–	7,329
Buildings	76,892	–	76,892	16	(606)	–	(1,857)	(23)	37	74,459
Plant and machinery	86,512	–	86,512	2,628	(9)	–	(8,377)	23	–	80,777
Motor vehicles	2,009	–	2,009	734	–	–	(627)	–	–	2,116
Office equipment	1,140	–	1,140	122	(1)	–	(256)	–	1	1,006
Furniture and fittings	5,856	–	5,856	490	–	(1)	(832)	–	2	5,515
Dies and moulds	19,671	(19,668)	3	–	–	–	(1)	–	–	2
	223,113	(19,668)	203,445	3,990	(616)	(1)	(12,099)	–	40	194,759

	<------At 30.4.2019------>			
	Cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
	RM'000	RM'000	RM'000	RM'000
Freehold land	23,555	–	–	23,555
Leasehold land	8,471	(1,142)	–	7,329
Buildings	89,146	(14,452)	(235)	74,459
Plant and machinery	199,099	(117,196)	(1,126)	80,777
Motor vehicles	6,400	(4,284)	–	2,116
Office equipment	9,841	(8,835)	–	1,006
Furniture and fittings	14,335	(8,820)	–	5,515
Dies and moulds	113	(111)	–	2
	350,960	(154,840)	(1,361)	194,759

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

Group	Balance as at 1.5.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassifications RM'000	Exchange translation differences RM'000	Balance as at 30.4.2018 RM'000
Carrying amount								
Freehold land	23,555	–	–	–	–	–	–	23,555
Leasehold land	7,627	–	–	–	(149)	–	–	7,478
Buildings	78,503	317	–	–	(1,858)	–	(70)	76,892
Plant and machinery	84,968	6,867	(6)	–	(7,925)	2,608	–	86,512
Motor vehicles	2,687	–	–	(64)	(614)	–	–	2,009
Office equipment	1,299	148	(1)	(5)	(300)	–	(1)	1,140
Furniture and fittings	4,430	1,668	–	–	(740)	502	(4)	5,856
Dies and moulds	19,841	9,156	–	(2,482)	(6,844)	–	–	19,671
Capital work-in- progress	3,110	–	–	–	–	(3,110)	–	–
	226,020	18,156	(7)	(2,551)	(18,430)	–	(75)	223,113

	<---- At 30.4.2018			---->
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land	23,555	–	–	23,555
Leasehold land	8,471	(993)	–	7,478
Buildings	89,822	(12,695)	(235)	76,892
Plant and machinery	196,672	(109,034)	(1,126)	86,512
Motor vehicles	5,666	(3,657)	–	2,009
Office equipment	9,729	(8,589)	–	1,140
Furniture and fittings	13,845	(7,989)	–	5,856
Dies and moulds	73,433	(53,762)	–	19,671
Capital work-in-progress	–	–	–	–
	421,193	(196,719)	(1,361)	223,113

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

Company	Balance as at 1.5.2018	Adjustment on initial application of MFRS 15 (Note 5.1)	Restated as at 1.5.2018	Additions	Disposals	Depreciation charge for the financial year	Reclassifications	Balance as at 30.4.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount								
Freehold land	8,710	–	8,710	–	–	–	–	8,710
Leasehold land	4,281	–	4,281	–	–	(83)	–	4,198
Buildings	69,929	–	69,929	16	(606)	(1,614)	(23)	67,702
Plant and machinery	79,379	–	79,379	2,462	(9)	(7,810)	23	74,045
Motor vehicles	1,898	–	1,898	615	–	(565)	–	1,948
Office equipment	1,061	–	1,061	112	(1)	(231)	–	941
Furniture and fittings	5,412	–	5,412	489	–	(711)	–	5,190
Dies and moulds	18,812	(18,809)	3	–	–	(1)	–	2
	189,482	(18,809)	170,673	3,694	(616)	(11,015)	–	162,736

	<-----At 30.4.2019			----->
	Cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
	RM'000	RM'000	RM'000	RM'000
Freehold land	8,710	–	–	8,710
Leasehold land	4,855	(657)	–	4,198
Buildings	80,101	(12,399)	–	67,702
Plant and machinery	187,594	(112,423)	(1,126)	74,045
Motor vehicles	5,868	(3,920)	–	1,948
Office equipment	9,380	(8,439)	–	941
Furniture and fittings	12,686	(7,496)	–	5,190
Dies and moulds	93	(91)	–	2
	309,287	(145,425)	(1,126)	162,736

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

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

Company	Balance as at 1.5.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassifications RM'000	Balance as at 30.4.2018 RM'000
Carrying amount							
Freehold land	8,710	–	–	–	–	–	8,710
Leasehold land	4,364	–	–	–	(83)	–	4,281
Buildings	71,226	317	–	–	(1,614)	–	69,929
Plant and machinery	77,433	6,701	–	–	(7,363)	2,608	79,379
Motor vehicles	2,518	–	–	(64)	(556)	–	1,898
Office equipment	1,223	119	–	(5)	(276)	–	1,061
Furniture and fittings	3,872	1,658	–	–	(620)	502	5,412
Dies and moulds	19,067	9,177	(558)	(2,289)	(6,585)	–	18,812
Capital work-in- progress	3,110	–	–	–	–	(3,110)	–
	191,523	17,972	(558)	(2,358)	(17,097)	–	189,482

	<---At 30.4.2018			--->
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Freehold land	8,710	–	–	8,710
Leasehold land	4,855	(574)	–	4,281
Buildings	80,736	(10,807)	–	69,929
Plant and machinery	185,383	(104,878)	(1,126)	79,379
Motor vehicles	5,253	(3,355)	–	1,898
Office equipment	9,270	(8,209)	–	1,061
Furniture and fittings	12,203	(6,791)	–	5,412
Dies and moulds	72,039	(53,227)	–	18,812
Capital work-in-progress	–	–	–	–
	378,449	(187,841)	(1,126)	189,482

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

8. INVESTMENT PROPERTY

	Group	
	2019	**2018**
	RM'000	**RM'000**
Cost		
At 1 May	**–**	–
Addition	**25,000**	–
At 30 April	**25,000**	–
Accumulated depreciation		
At 1 May	**–**	–
Depreciation charge for the financial year	**86**	–
At 30 April	**86**	–
Net carrying amount		
At 30 April	**24,914**	–

	Group	
	2019	**2018**
	RM'000	**RM'000**
Freehold land	**18,939**	–
Building	**5,975**	–
	24,914	–

(a) As at the end of reporting period, rental income of the Group derived from an investment property amounted to RM1,063,000 (2018: Nil).

(b) As at 30 April 2019, the valuation of investment property at Level 3 fair value amounting to RM33,000,000 (2018:Nil) is based on the estimates of market value by the Directors.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unquoted equity shares, at cost		
- in Malaysia	**13,830**	13,830
- outside Malaysia	**233**	233
	14,063	14,063
Acquisition of a subsidiary (Note 37)	**51**	–
	14,114	14,063

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Country of incorporation	Effective interest in equity held by the Group 2019 %	2018 %	Principal activities
ALBE Marketing Sdn. Bhd.	Malaysia	**100.00**	100.00	Marketing and trading of aluminium hardware and other fittings
ALBE Metal Sdn. Bhd.	Malaysia	**100.00**	100.00	Trading of aluminium sheets and other metal products
LB Aluminium (Sarawak) Sdn. Bhd.	Malaysia	**100.00**	100.00	Manufacturing, marketing and trading of aluminium extrusion
LB Aluminium (Singapore) Pte. Ltd. [(1)]	Singapore	**100.00**	100.00	Retail and trading of aluminium extrusion and accessories
Rank Metal Sdn. Bhd.	Malaysia	**100.00**	100.00	Property holding
Omega Pesona Sdn. Bhd.	Malaysia	**100.00**	100.00	Property holding
Poly Acres Sdn. Bhd.	Malaysia	**100.00**	100.00	Property holding
Facade Performance Lab Sdn. Bhd.	Malaysia	**100.00**	–	Providing performance tests for windows, doors and facades
Citajaya Kuasa Sdn. Bhd. [(1)] [(2)]	Malaysia	**51.00**	–	Investment holding
Subsidiary of LB Aluminium (Sarawak) Sdn. Bhd.				
LB Sarawak Industries Sdn. Bhd.	Malaysia	**100.00**	100.00	Property holding
Subsidiary of Citajaya Kuasa Sdn. Bhd.				
Contras Build Sdn Bhd. [(1)] [(2)]	Malaysia	**40.80**	–	Property development

[(1)] *Subsidiaries not audited by BDO PLT or member firms.*
[(2)] *Subsidiaries consolidated based on management accounts for the financial period ended 30 April 2019 and the financial year end of subsidiaries are 30 June.*

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) During the financial year ended 30 April 2019:

(i) On 18 September 2018, a wholly-owned subsidiary of the Company, Facade Performance Lab Sdn. Bhd. ("FPLSB") was incorporated with issued and paid-up share capital of RM2.

(ii) On 5 October 2018, the Company suscribed for 51% of equity interest comprising 51,000 ordinary shares in Citajaya Kuasa Sdn. Bhd. ("CKSB") for a cash consideration of RM51,000. The transaction has been completed during the financial year. Consequently, the Company became the holding company of CKSB. Details of the subscription are disclosed in Note 37 to the financial statements.

(iii) On 5 October 2018, a subsidiary of the Company, CKSB subscribed for 80% of equity interest comprising 2,000,000 ordinary shares in Contras Build Sdn. Bhd. ("CBSB") for a cash consideration of RM2,000,000. The transaction has been completed during the financial year. Consequently, the Company became the ultimate holding company of CBSB. Details of the subscription are disclosed in Note 37 to the financial statements.

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

2019	Citajaya Kuasa Sdn. Bhd. RM'000	Contras Build Sdn. Bhd. RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49.00%	59.20%	
Carrying amount of NCI	47	455	502
Loss allocated to NCI	(1)	(10)	(11)

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

2019	Citajaya Kuasa Sdn. Bhd. RM'000	Contras Build Sdn. Bhd. RM'000
Assets and liabilities		
Non-current asset	2,000	–
Current assets	18,294	21,281
Current liabilities	(20,198)	(18,857)
Net assets	96	2,424
Results		
Loss for the financial year	(2)	(42)
Total comprehensive loss	(2)	(42)
Cash Flows		
Cash flows from operating activities	2	18,606
Cash flows used in investing activities	(101)	(18,645)
Cash flows from financing activities	100	–
Net increase/(decrease) in cash and cash equivalents	1	(39)

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

10. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares, at cost	6,000	–	6,000	–
Share of post-acquisition profit	2,452	–	–	–
	8,452	–	6,000	–

The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity 2019 %	2018 %	Principal activity
Vistarena Development Sdn. Bhd.*	Malaysia	20.00	–	Property development

* *Associate not audited by BDO PLT.*

(a) On 17 August 2018, the Company completed the acquisition of 20% of equity interest comprising 400,000 ordinary shares in Vistarena Development Sdn. Bhd. ("VDSB") for a purchase consideration of RM6,000,000. The transaction has been completed during the financial year. Consequently, the VDSB became an associate of the Company.

(b) The associate has a financial year end of 31 December. Management account of this associate for the financial year ended 30 April 2019 has been used for the purpose of applying the equity method of accounting.

(c) The summarised financial information of the associate are as follows:

2019	Vistarena Development Sdn. Bhd. RM'000
Assets and liabilities	
Non-current assets	134
Current assets	35,972
Non-current liabilities	(665)
Current liabilities	(22,958)
Net assets	12,483
Results	
Revenue	51,874
Profit for the financial year	12,259
Total comprehensive income	12,259
Share of results by the Group for the financial year	
Share of profit by the Group for the financial year	2,452

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

10. INVESTMENT IN AN ASSOCIATE (cont'd)

(d) Reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associate of the Group.

2019	Vistarena Development Sdn. Bhd. RM'000
Net assets as at 30 April	**12,483**
Interest in associate as at year end	**20%**
	2,497
Goodwill	**5,955**
Carrying value of Group's interest in the associate	**8,452**

11. OTHER INVESTMENT

	Group and Company	
	2019	**2018**
	RM'000	**RM'000**
Financial asset at fair value through profit or loss		
Quoted shares in Malaysia, at market value	**1,103**	1,103

Information on the fair value hierarchy is disclosed in Note 35 to the financial statements.

12. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 May	**(22,427)**	(21,588)	**(20,926)**	(20,256)
Adjustment on initial application of MFRS 9	**726**	–	**582**	–
Adjustment on initial application of MFRS 15	**2,292**	–	**2,132**	–
Restated balance as at 1 May	**(19,409)**	(21,588)	**(18,212)**	(20,256)
Recognised in profit or loss (Note 27)	**(962)**	(839)	**(679)**	(670)
Balance as at 30 April	**(20,371)**	(22,427)	**(18,891)**	(20,926)
Presented after appropriate offsetting:				
Deferred tax assets, net*	**97**	7	**–**	–
Deferred tax liabilities, net*	**(20,468)**	(22,434)	**(18,891)**	(20,926)
	(20,371)	(22,427)	**(18,891)**	(20,926)

* The amounts of set-off between deferred tax assets and deferred tax liabilities of the Group and of the Company were RM1,849,000 (2018: RM3,712,000) and RM1,230,000 (2018: RM2,807,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

12. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

Deferred tax assets of the Group

	Unabsorbed tax losses RM'000	Unutilised capital allowances RM'000	Deferred income RM'000	Allowances RM'000	Others RM'000	Total RM'000
At 1 May 2017	45	665	2,029	1,254	282	4,275
Recognised in profit or loss	–	63	126	(604)	(141)	(556)
At 30 April 2018/1 May 2018	45	728	2,155	650	141	3,719
Adjustment on initial application of MFRS 9	**–**	**–**	**–**	**726**	**–**	**726**
Adjustment on initial application of MFRS 15	**–**	**–**	**(2,247)**	**–**	**–**	**(2,247)**
Restated at 1 May 2018	**45**	**728**	**(92)**	**1,376**	**141**	**2,198**
Recognised in profit or loss	**–**	**(383)**	**92**	**(170)**	**209**	**(252)**
At 30 April 2019	**45**	**345**	**–**	**1,206**	**350**	**1,946**

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Revaluation surplus RM'000	Others RM'000	Total RM'000
At 1 May 2017	(23,428)	(2,353)	(82)	(25,863)
Recognised in profit or loss	(408)	59	66	(283)
At 30 April 2018/1 May 2018	(23,836)	(2,294)	(16)	(26,146)
Adjustment on initial application of MFRS 15	**4,539**	**–**	**–**	**4,539**
Restated at 1 May 2018	**(19,297)**	**(2,294)**	**(16)**	**(21,607)**
Recognised in profit or loss	**(779)**	**53**	**16**	**(710)**
At 30 April 2019	**(20,076)**	**(2,241)**	**–**	**(22,317)**

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

12. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

Deferred tax assets of the Company

	Deferred income RM'000	Allowances RM'000	Others RM'000	Total RM'000
At 1 May 2017	1,978	886	247	3,111
Recognised in profit or loss	223	(421)	(106)	(304)
At 30 April 2018/1 May 2018	2,201	465	141	2,807
Adjustment on initial application of MFRS 9	**–**	**582**	**–**	**582**
Adjustment on initial application of MFRS 15	**(2,201)**	**–**	**–**	**(2,201)**
Restated at 1 May 2018	**–**	**1,047**	**141**	**1,188**
Recognised in profit or loss	**–**	**(167)**	**209**	**42**
At 30 April 2019	**–**	**880**	**350**	**1,230**

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Revaluation surplus RM'000	Others RM'000	Total RM'000
At 1 May 2017	(21,335)	(1,950)	(82)	(23,367)
Recognised in profit or loss	(482)	51	65	(366)
At 30 April 2018/1 May 2018	(21,817)	(1,899)	(17)	(23,733)
Adjustment on initial application of MFRS 15	**4,333**	**–**	**–**	**4,333**
Restated at 1 May 2018	**(17,484)**	**(1,899)**	**(17)**	**(19,400)**
Recognised in profit or loss	**(789)**	**51**	**17**	**(721)**
At 30 April 2019	**(18,273)**	**(1,848)**	**–**	**(20,121)**

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

12. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Other temporary differences	**584**	534

Deferred tax assets of a foreign subsidiary has not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The use of tax losses of a subsidiary in other country is subject to the agreement of the tax authorities and the tax legislation of the country in which the subsidiary operate.

13. INVENTORIES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost				
Raw materials	**46,291**	43,786	**40,372**	38,011
Finished goods	**54,930**	62,069	**48,052**	55,685
Consumables	**3,868**	3,763	**3,649**	3,548
	105,089	109,618	**92,073**	97,244

(a) During the financial year, inventories of the Group and of the Company recognised as cost of sales amounted to RM472,256,000 (2018: RM462,164,000) and RM436,197,000 (2018: RM426,620,000) respectively.

(b) Inventories written off for finished goods of the Group and of the Company during the financial year amounting to RM156,000 (2018: RM141,000) and are included in cost of sales.

(c) During the financial year, the Group recorded a charge to profit or loss pertaining to inventories written down of RM28,000 (2018: Nil) for finished goods and are included in other operating expenses.

(d) In the previous financial year, a reversal of write-down of inventories of the Group amounting to RM221,000 was made due to increase in net realisable value of certain inventories.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Amounts owing by subsidiaries	(c)	**–**	–	**44,853**	10,000
Less: Impairment losses	(g)	**–**	–	**(292)**	–
		–	–	**44,561**	10,000
Current					
Trade receivables					
Third parties	(a)	**110,581**	119,559	**89,562**	99,185
Amounts owing by subsidiaries	(b)	**–**	–	**2,666**	1,830
		110,581	119,559	**92,228**	101,015
Less: Impairment losses					
- third parties	(f)	**(4,390)**	(1,929)	**(2,089)**	(609)
- subsidiaries	(g)	**–**	–	**(17)**	–
Total trade receivables		**106,191**	117,630	**90,122**	100,406
Other receivables					
Other receivables		**12,300**	10,054	**10,581**	9,086
Deposits		**624**	623	**559**	540
Amounts owing by subsidiaries	(d)	**–**	–	**2,716**	10,978
		12,924	10,677	**13,856**	20,604
Less: Impairment losses					
- other receivables	(g)	**(342)**	–	**(260)**	–
- subsidiaries	(g)	**–**	–	**(17)**	–
		12,582	10,677	**13,579**	20,604
Total receivables		**118,773**	128,307	**148,262**	131,010
Deposit for land and building acquisition	(e)	**–**	750	**–**	–
Prepayments	(k)	**22,124**	1,608	**1,426**	1,499
Total trade and other receivables (non-current and current)		**140,897**	130,665	**149,688**	132,509

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont' d)

(a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company range from seven (7) to ninety (90) days (2018: seven (7) to ninety (90) days) from the date of invoice. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

(b) Current amounts owing by subsidiaries in trade receivables are trade in nature and are subject to the normal credit terms granted by the Company range from seven (7) to ninety (90) days (2018: seven (7) to ninety (90) days) from the date of invoice. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

(c) Non-current amounts owing by the subsidiaries of the Company represent loan and advances amounts, which are unsecured, bear interest range from 5.5% to 6.0% (2018: 5.5%) per annum and are not repayable within the next twelve (12) months.

Included in non-current amounts owing by subsidiaries of the Company are the loan provided to a subsidiary with fixed interest charged at 5.5% (2018: 5.5%) per annum commencing 1 December 2014. The loan is repayable in full through a bullet principal repayment on 30 November 2024.

(d) Current amounts owing by subsidiaries in other receivables represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.

(e) In the previous financial year, a deposit was paid to a third party pursuant to the Sale and Purchase Agreement entered by a subsidiary of the Group, ALBE Metal Sdn. Bhd. for the acquisition of land and building located in Subang Jaya, Selangor for a total purchase consideration of RM25,000,000. The transaction has been completed during the financial year.

(f) The reconciliation of movements in the impairment losses on trade receivables is as follows:

Group	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowances RM'000
At 1 May 2018 under MFRS 139	**–**	**1,929**	**1,929**
Restated through opening retained earnings	**3,138**	**–**	**3,138**
Opening impairment loss of trade receivables in accordance with MFRS 9	**3,138**	**1,929**	**5,067**
Charge for the financial year	**62**	**225**	**287**
Reversal of impairment loss	**(869)**	**(135)**	**(1,004)**
Exchange differences	**17**	**23**	**40**
At 30 April 2019	**2,348**	**2,042**	**4,390**

* *Expected credit losses*

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont' d)

(f) The reconciliation of movements in the impairment losses on trade receivables is as follows (cont'd):

Group	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowances RM'000
At 1 May 2017 under MFRS 139	–	3,532	3,532
Charge for the financial year	–	121	121
Reversal of impairment loss	–	(1,681)	(1,681)
Written off	–	(38)	(38)
Exchange differences	–	(5)	(5)
At 30 April 2018	–	1,929	1,929
Company			
At 1 May 2018 under MFRS 139	**–**	**609**	**609**
Restated through opening retained earnings	**2,158**	**–**	**2,158**
Opening impairment loss of trade receivables in accordance with MFRS 9	**2,158**	**609**	**2,767**
Charge for the financial year	**–**	**99**	**99**
Reversal of impairment loss	**(691)**	**(86)**	**(777)**
At 30 April 2019	**1,467**	**622**	**2,089**
At 1 May 2017 under MFRS 139	–	1,528	1,528
Charge for the financial year	–	25	25
Reversal of impairment loss	–	(940)	(940)
Written off	–	(4)	(4)
At 30 April 2018	–	609	609

* *Expected credit losses*

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont'd)

(g) The reconciliation of movements in the impairment losses on other receivables and amounts owing by related parties are as follows:

Group	Lifetime ECL - Credit impaired RM'000
At 1 May 2018 under MFRS 139	**–**
Restated through opening retained earnings	**486**
Opening impairment losses of other receivables and related parties in accordance with MFRS 9	**486**
Charge for the financial year	**–**
Reversal of impairment loss	**(144)**
At 30 April 2019	**342**
At 1 May 2017 under MFRS 139	–
Charge for the financial year	–
Reversal of impairment loss	–
At 30 April 2018	–
Company	
At 1 May 2018 under MFRS 139	**–**
Restated through opening retained earnings	**268**
Opening impairment losses of other receivables and related parties in accordance with MFRS 9	**268**
Charge for the financial year	**326**
Reversal of impairment loss	**(8)**
At 30 April 2019	**586**
At 1 May 2017 under MFRS 139	–
Charge for the financial year	–
Reversal of impairment loss	–
At 30 April 2018	–

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont' d)

(h) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group and of the Company are summarised in the table below:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Maximum exposure	**106,191**	117,630	**90,122**	100,406
Collateral obtained	**–**	–	**–**	–
Net exposure to credit risk	**106,191**	117,630	**90,122**	100,406

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivables.

(i) The currency exposure profile of trade and other receivables (excluding deposit of land and building acquisition and prepayments) are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**101,261**	101,305	**135,191**	109,977
United States Dollar	**10,872**	18,292	**10,534**	17,582
Singapore Dollar	**6,640**	8,710	**2,537**	3,451
	118,773	128,307	**148,262**	131,010

(j) The ageing analysis of trade receivables of the Group and of the Company are as follows:

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
2019			
Current	**75,249**	**(1,491)**	**73,758**
Past due			
1 to 30 days	**16,241**	**(422)**	**15,819**
31 to 60 days	**8,911**	**(215)**	**8,696**
61 to 90 days	**2,070**	**(41)**	**2,029**
More than 90 days	**8,110**	**(2,221)**	**5,889**
	35,332	**(2,899)**	**32,433**
	110,581	**(4,390)**	**106,191**

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont' d)

(j) The ageing analysis of trade receivables of the Group and of the Company are as follows (cont'd):

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
2018*			
Current	76,205	–	76,205
Past due			
1 to 30 days	19,600	–	19,600
31 to 60 days	10,646	–	10,646
61 to 90 days	10,645	–	10,645
More than 90 days	2,463	(1,929)	534
	43,354	(1,929)	41,425
	119,559	(1,929)	117,630
Company			
2019			
Current	**65,316**	**(1,042)**	**64,274**
Past due			
1 to 30 days	**12,089**	**(198)**	**11,891**
31 to 60 days	**7,228**	**(122)**	**7,106**
61 to 90 days	**1,547**	**(26)**	**1,521**
More than 90 days	**6,048**	**(718)**	**5,330**
	26,912	**(1,064)**	**25,848**
	92,228	**(2,106)**	**90,122**
2018			
Current	64,685	–	64,685
Past due			
1 to 30 days	17,332	–	17,332
31 to 60 days	9,113	–	9,113
61 to 90 days	9,054	–	9,054
More than 90 days	831	(609)	222
	36,330	(609)	35,721
	101,015	(609)	100,406

* Comparative information as required under MFRS 139 *Financial Instrument: Recognition and Measurement.*

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

14. TRADE AND OTHER RECEIVABLES (cont'd)

(k) Included in the prepayments as at end of the current financial year is an amount of RM20,276,000, which represents land premium paid to relevant authority by a subsidiary of the Group.

(l) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

15. DERIVATIVE FINANCIAL ASSETS

Group and Company	Contract/ Notional amount RM'000	Assets RM'000
At 30 April 2019		
Non-hedging derivatives:		
Foreign currency forward contracts	–	–
At 30 April 2018		
Non-hedging derivatives:		
Foreign currency forward contracts	5,819	70

(a) Derivatives were initially recognised at fair value on the date the derivative contracts were entered into and were subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) In the previous financial year, forward currency contracts had been entered into to operationally hedge purchases denominated in foreign currency that were expected to realise or occur at various dates within four (4) month from the end of the reporting period. The forward currency contracts had maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components had been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.

(c) In the previous financial year, the Group and the Company had recorded a charge to profit or loss pertaining to fair value gain or loss on derivatives as disclosed in Note 26 to the financial statements.

(d) Information on financial risks of derivative financial assets were disclosed in Note 36 to the financial statements.

16. SHORT TERM FUND

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At fair value through profit or loss				
Short term fund	**14,260**	–	**14,260**	–

(a) Short term fund is classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term fund of the Group and of the Company is denominated in Ringgit Malaysia ('RM').

(b) The management assessed that the fair value of the short term fund approximates its carrying amount largely due to the short term maturities of this instrument.

(c) Information on financial risks of short term fund is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

17. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances				
Cash and bank balances	**15,029**	12,576	**12,110**	9,543
Deposits with licensed banks	**2,000**	24,720	**1,400**	23,770
	17,029	37,296	**13,510**	33,313
Less: Impairment losses	**(2)**	–	**–**	–
As reported in the statements of financial position	**17,027**	37,296	**13,510**	33,313
Less:				
Deposits placed with licensed banks (more than three months)	**–**	(14,510)	**–**	(14,510)
Bank overdrafts	**–**	(170)	**–**	(170)
As reported in the statements of cash flows	**17,027**	22,616	**13,510**	18,633

(a) Deposits placed with licensed banks of the Group and the Company have maturity periods from 3 days to 7 days (2018: 2 days to 181 days) with interest rates ranging from 2.85% to 3.03% (2018: 2.87% to 3.80%) per annum.

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**10,414**	31,383	**9,070**	29,505
United States Dollar	**4,423**	3,757	**4,423**	3,757
Singapore Dollar	**2,179**	2,109	**6**	6
Others	**11**	47	**11**	45
	17,027	37,296	**13,510**	33,313

(c) The reconciliation of movements in the impairment losses on cash and bank balance are as follows:

Group	**Lifetime ECL RM'000**
At 1 May 2018	**–**
Restated through opening retained earnings	**2**
Opening impairment losses of cash and bank balances	**2**
Charge for the financial year	**–**
At 30 April 2019	**2**

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

17. CASH AND BANK BALANCES (cont'd)

(d) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

18. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares ('000)	Amount RM'000	Number of shares ('000)	Amount RM'000
Ordinary shares issued and fully paid	**248,486**	**125,771**	248,486	125,771

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

19. RESERVES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable:				
Exchange translation reserve	**4,397**	4,189	**–**	–
Distributable:				
Retained earnings	**163,235**	163,961	**136,307**	142,627
	167,632	168,150	**136,307**	142,627

Exchange translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

20. BORROWINGS

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Non-current liability					
Term loan	21	**–**	5,000	**–**	5,000
Current liabilities					
Bank overdrafts		**–**	170	**–**	170
Bankers' acceptances		**110,190**	114,872	**106,670**	112,100
Revolving credit		**20,000**	–	**20,000**	–
Term loan	21	**5,000**	5,000	**5,000**	5,000
		135,190	120,042	**131,670**	117,270
Total borrowings					
Bank overdrafts		**–**	170	**–**	170
Bankers' acceptances		**110,190**	114,872	**106,670**	112,100
Revolving credit		**20,000**	–	**20,000**	–
Term loan	21	**5,000**	10,000	**5,000**	10,000
		135,190	125,042	**131,670**	122,270

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

20. BORROWINGS (cont'd)

(a) All borrowings are denominated in Ringgit Malaysia.

(b) The borrowings of the Group and of the Company bear the following interest rates per annum:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Bank overdrafts	**–**	7.99	**–**	7.99
Bankers' acceptances	**4.01 - 4.57**	3.74 - 4.33	**4.01 - 4.52**	3.74 - 4.33
Revolving credit	**6.01**	–	**6.01**	–
Term loan	**5.55**	5.55	**5.55**	5.55

(c) All borrowings are secured by negative pledges. In addition, the bankers' acceptances of the subsidiary are secured by a corporate guarantee given by the holding company.

(d) Information on financial risks of borrowings is disclosed in Note 36 to the financial statements.

21. TERM LOAN

	Group and Company	
	2019	**2018**
	RM'000	**RM'000**
Term loan, repayable in eight equal semi-annual instalments of RM2,500,000, commenced on 12 September 2016 and expiring on 22 April 2020	**5,000**	10,000
Current liability		
- not later than one (1) year	**5,000**	5,000
Non-current liability		
- later than one (1) year but not later than two (2) years	**–**	5,000
- later than two (2) years but not later than three (3) years	**–**	–
	–	5,000
	5,000	10,000

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

22. TRADE AND OTHER PAYABLES

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Trade payables					
Third parties		**30,238**	32,575	**25,794**	29,963
Related party		**2,657**	5,204	**2,657**	4,226
	(a)	**32,895**	37,779	**28,451**	34,189
Other payables					
Other payables		**16,545**	6,653	**5,697**	5,918
Accruals		**6,027**	2,305	**5,209**	2,020
Deposits received		**4,510**	4,966	**4,134**	4,739
Amounts owing to subsidiaries	(b)	**–**	–	**596**	54
		27,082	13,924	**15,636**	12,731
		59,977	51,703	**44,087**	46,920
Deferred income	(c)	**–**	9,866	**–**	10,516
Progress claim and retention payable		**8**	8	**8**	8
Total trade and other payables		**59,985**	61,577	**44,095**	57,444

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company are seven (7) to ninety (90) days (2018: seven (7) to ninety (90) days) from the date of invoice.

(b) Amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand.

(c) In the previous financial year, deferred income represented advanced payments received from customers for fabrication of customised dies and moulds, which were used to manufacture customised aluminium extrusion products over a period of five (5) years and accordingly, the revenue was recognised over a period of five (5) years. Upon the adoption of MFRS 15, the impact on the recognition of deferred income is disclosed in Note 5.1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

22. TRADE AND OTHER PAYABLES (cont'd)

(d) The currency exposure profile of trade and other payables (exclude deferred income and progress claim and retention payable) are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**41,722**	32,185	**26,343**	28,757
United States Dollar	**17,523**	17,832	**17,515**	17,832
Singapore Dollar	**716**	1,459	**213**	104
Others	**16**	227	**16**	227
	59,977	51,703	**44,087**	46,920

(e) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

23. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
Sales of goods	**532,651**	509,790	**484,367**	464,150
Test rig services	**223**	–	**–**	–
	532,874	509,790	**484,367**	464,150
Timing of revenue recognition				
Transferred at a point in time	**532,874**	509,790	**484,367**	464,150

There is no significant financing component in the revenue arising from sales of products and services rendered as the products and services are made on the normal credit terms not exceeding twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

24. OTHER OPERATING INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Dividend income from:				
- other investment	**49**	49	**49**	49
- subsidiaries	**–**	–	**600**	2,240
Fair value gain on derivative instruments	**–**	248	**–**	248
Gain on disposal of property, plant and equipment	**12**	1	**12**	1
Interest income from:				
- deposits with licensed banks	**931**	1,104	**906**	1,077
- amounts owing by subsidiaries	**–**	–	**1,613**	550
Insurance claim recovery	**176**	56	**176**	40
Inventories written back	**–**	221	**–**	–
Management service income from subsidiaries	**–**	–	**623**	623
Realised gain on foreign exchange	**528**	5	**486**	–
Rental income	**1,112**	52	**49**	52
Reversal of impairment losses:				
- trade receivables	**1,004**	1,681	**777**	940
- other receivables	**144**	–	**8**	–
Sundry income	**284**	524	**277**	504
Unrealised gain on foreign exchange	**146**	–	**146**	–
	4,386	3,941	**5,722**	6,324

25. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
- bank overdrafts	**4**	7	**4**	7
- bankers' acceptances	**4,947**	3,458	**4,816**	3,340
- revolving credit	**853**	200	**853**	200
- term loan	**449**	726	**449**	726
	6,253	4,391	**6,122**	4,273

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

26. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at after charging/(crediting):

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:					
- current year		**189**	208	**79**	80
- under-provision in prior year		**6**	–	**1**	–
- other service		**3**	3	**3**	3
Depreciation of property, plant and equipment	7	**12,099**	18,430	**11,015**	17,097
Depreciation of investment property	8	**86**	–	**–**	–
Fair value loss/(gain) on:					
- derivative instruments		**70**	(248)	**70**	(248)
- other investment		**–**	517	**–**	517
Fair value loss on discounting of non-current amounts owing by subsidiaries		**–**	–	**2,436**	–
Net loss/(gain) on disposal of property, plant and equipment		**142**	6	**142**	(1)
Net (gain)/loss on foreign exchange:					
- realised		**(527)**	626	**(486)**	599
- unrealised		**(146)**	590	**(146)**	588
Rental expenses on:					
- premises		**1,709**	1,704	**1,734**	1,782
- plant and machineries		**6**	2	**6**	2
- office equipment		**6**	4	**5**	3
- cylinder fuel		**16**	6	**16**	6
- forklift		**327**	336	**327**	306
- global positioning system		**23**	20	**23**	20
Rental income		**(1,112)**	–	**(49)**	–
Written off of:					
- inventories	13	**156**	141	**156**	141
- property, plant and equipment	7	**1**	2,551	**–**	2,358
- other receivables		**77**	–	**77**	–
Impairment losses on:					
- trade receivables	14	**287**	121	**99**	25
- other receivables	14	**–**	–	**326**	–
Reversal of impairment losses on:					
- trade receivables	14	**(1,004)**	(1,681)	**(777)**	(940)
- other receivables	14	**(144)**	–	**(8)**	–

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

27. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax				
- current year provision	**2,704**	2,038	**2,047**	1,474
- over-provision in prior years	**(408)**	(1,341)	**(408)**	(1,368)
Foreign income tax				
- current year provision	**43**	6	**–**	–
- over-provision in prior years	**–**	(5)	**–**	–
	2,339	698	**1,639**	106
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	**979**	(200)	**609**	(358)
(Over)/Under-provision in prior years	**(17)**	1,039	**70**	1,028
	962	839	**679**	670
Real property gains tax	**14**	–	**14**	–
	3,315	1,537	**2,332**	776

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2018: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

27. TAX EXPENSE (cont'd)

(c) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**15,473**	7,634	**6,502**	6,258
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**3,714**	1,832	**1,560**	1,502
Tax effects in respect of:				
Non-taxable income	**(89)**	(146)	**(431)**	(618)
Non-deductible expenses	**715**	855	**1,527**	877
Utilisation of reinvestment allowances	**–**	(645)	**–**	(645)
Effects of different tax rate in foreign jurisdiction	**(38)**	(35)	**–**	–
Effects of share of profit of an associate	**(588)**	–	**–**	–
Deferred tax assets not recognised	**12**	–	**–**	–
Utilisation of previously unrecognised deferred tax assets	**–**	(17)	**–**	–
(Over)/Under-provision in prior years:				
- tax expense	**(408)**	(1,346)	**(408)**	(1,368)
- deferred tax	**(17)**	1,039	**70**	1,028
Real property gains tax arising from disposal of building	**14**	–	**14**	–
	3,315	1,537	**2,332**	776

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

	Group		
	Before tax	Tax effect	After tax
	RM'000	RM'000	RM'000
2019			
Foreign currency translations	**208**	**–**	**208**
2018			
Foreign currency translations	(521)	–	(521)

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

28. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2019	2018
Profit for the financial year attributable to owners of the parent (RM'000)	**12,169**	6,097
Weighted average number of ordinary shares in issue ('000)	**248,486**	248,486
Basic earnings per ordinary share (sen)	**4.90**	2.45

(b) Diluted

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

29. DIVIDENDS

	Group and Company			
	2019		2018	
	Dividend per share sen	Amount of dividend RM'000	Dividend per share sen	Amount of dividend RM'000
First and final single tier dividend	**1.00**	**2,485**	2.50	6,212

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.50 sen per ordinary share amounting to RM3,727,295 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 April 2020.

30. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	**31,729**	26,510	**28,036**	23,539
Defined contribution plans	**2,686**	2,249	**2,430**	1,980
Social security contributions	**297**	282	**266**	253
Others	**2,808**	2,868	**2,441**	2,577
	37,520	31,909	**33,173**	28,349

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

(i) direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;

(ii) an associate as disclosed in Note 10 to the financial statements;

(iii) companies in which the Directors of the Company have substantial financial interests; and

(iv) key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group.

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sales of products to subsidiaries:				
- LB Aluminium (Singapore) Pte. Ltd.	**–**	–	**36,134**	41,850
- LB Aluminium (Sarawak) Sdn. Bhd.	**–**	–	**1,314**	2,049
- ALBE Marketing Sdn. Bhd.	**–**	–	**565**	675
- ALBE Metal Sdn. Bhd.	**–**	–	**3,372**	3,361
Purchases of products from subsidiaries:				
- LB Aluminium (Sarawak) Sdn. Bhd.	**–**	–	**7,216**	6,558
- ALBE Marketing Sdn. Bhd.	**–**	–	**421**	537
- ALBE Metal Sdn. Bhd.	**–**	–	**936**	308
Sales of assets to a subsidiary:				
- LB Aluminium (Sarawak) Sdn. Bhd.	**–**	–	**443**	558
Management and administrative fees from subsidiaries:				
- LB Aluminium (Sarawak) Sdn. Bhd.	**–**	–	**292**	288
- LB Aluminium (Singapore) Pte. Ltd.	**–**	–	**187**	191
- ALBE Marketing Sdn. Bhd.	**–**	–	**72**	72
- ALBE Metal Sdn. Bhd.	**–**	–	**72**	72
Rental of premises paid to a related party:				
- Ritecorp Sdn. Bhd.	**60**	60	**60**	60
Dividend income from subsidiaries:				
- LB Aluminium (Singapore) Pte. Ltd.	**–**	–	**–**	1,480
- Rank Metal Sdn. Bhd.	**–**	–	**100**	160
- Poly Acres Sdn. Bhd.	**–**	–	**500**	600

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

31. RELATED PARTY DISCLOSURES (cont'd)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income from subsidiaries:				
- LB Aluminium (Sarawak) Sdn. Bhd.	**–**	–	**550**	550
- ALBE Metal Sdn. Bhd.	**–**	–	**1,063**	–
Rental of premises paid to subsidiaries:				
- Poly Acres Sdn. Bhd.	**–**	–	**770**	818
- Omega Pesona Sdn. Bhd.	**–**	–	**235**	250
- Rank Metal Sdn. Bhd.	**–**	–	**218**	232
Purchases of products from a related party:				
- Formosa Shyen Horng Metal Sdn. Bhd.	**110,291**	114,930	**98,649**	102,174

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding outstanding balances arising from related party transactions as at 30 April 2019 are disclosed in Notes 14 and 22 to the financial statements.

(c) Compensation of key management personnel

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

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(i) Directors				
Directors of the Company				
Executive Directors:				
Short-term employee benefits				
- fees	**120**	120	**120**	120
- salaries, bonuses and other benefits*	**3,067**	3,068	**2,642**	2,655
- defined contribution plan	**310**	309	**310**	309
	3,497	3,497	**3,072**	3,084
Non-Executive Directors:				
- fees	**180**	180	**180**	180
- other benefits	**25**	28	**25**	28
Total	**3,702**	3,705	**3,277**	3,292

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

31. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

The remuneration of Directors and other key management personnel during the financial year were as follows (cont'd):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(i) Directors (cont'd)				
Directors of the Subsidiaries				
Executive Directors:				
Short-term employee benefits:				
- salaries, bonuses and other benefits*	**1,034**	940	**–**	–
- defined contribution plan	**130**	95	**–**	–
Total	**1,164**	1,035	**–**	–
Total Directors' remuneration	**4,866**	4,740	**3,277**	3,292
(ii) Other key management personnel				
Short-term employee benefits	**538**	526	**538**	526
Defined contribution benefits	**61**	62	**61**	62
Total compensation for other key management personnel	**599**	588	**599**	588

* Salaries, bonuses and other benefits included bonus paid during the financial period.

The estimated monetory value of benefits-in-kind provided by the Group and the Company to the Directors of the Company were RM45,925 (2018: RM64,050).

32. OPERATING SEGMENTS

The Group is principally involved in manufacturing, marketing and trading of aluminium extrusions and other metal products. Its operating segments are presented based on the geographical location of its customers. The performance of each segment is measured based on the internal management report reviewed by chief operating decision maker.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

32. OPERATING SEGMENTS (cont'd)

(a) Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

2019	Note	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue		**367,686**	**79,617**	**137,742**	**585,045**
Inter-segment revenue		**(16,009)**	**(36,162)**	**–**	**(52,171)**
Revenue from external customers		**351,677**	**43,455**	**137,742**	**532,874**
Results					
Interest income		**931**	**–**	**–**	**931**
Finance costs		**(6,253)**	**–**	**–**	**(6,253)**
Share of results of an associate		**2,452**	**–**	**–**	**2,452**
Depreciation of property, plant and equipment		**(11,988)**	**(111)**	**–**	**(12,099)**
Other items of income	(a)(i)	**3,128**	**151**	**–**	**3,279**
Other expenses	(a)(ii)	**(2,750)**	**(83)**	**–**	**(2,833)**
Segment profit before tax		**14,834**	**639**	**–**	**15,473**
Tax expense		**3,272**	**43**	**–**	**3,315**
Segment assets		**495,206**	**11,295**	**–**	**506,501**
Segment liabilities		**194,583**	**592**	**–**	**195,175**
2018					
Revenue					
Total revenue		375,102	89,662	102,356	567,120
Inter-segment revenue		(16,015)	(41,315)	–	(57,330)
Revenue from external customers		359,087	48,347	102,356	509,790
Results					
Interest income		1,104	–	–	1,104
Finance costs		(4,391)	–	–	(4,391)
Depreciation of property, plant and equipment		(18,318)	(112)	–	(18,430)
Other items of income	(a)(i)	2,214	346	–	2,560
Other expenses	(a)(ii)	(6,531)	(98)	–	(6,629)
Segment profit before tax		7,197	437	–	7,634
Tax expense		(1,536)	(1)	–	(1,537)
Segment assets		489,757	12,108	–	501,865
Segment liabilities		184,939	1,680	–	186,619

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

32. OPERATING SEGMENTS (cont'd)

(a) Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group (cont'd).

(i) Other items of income consist of the following:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Dividend income from other investment	**49**	49
Fair value gain on derivative instruments	**–**	248
Gain on disposal of property, plant and equipment	**12**	1
Realised gain on foreign exchange	**528**	5
Rental income	**1,112**	52
Reversal of impairment losses on:		
- trade receivables	**1,004**	1,681
- other receivables	**144**	–
Sundry income	**284**	524
Unrealised gain on foreign exchange	**146**	–
	3,279	2,560

(ii) Other expenses consist of the following:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Fair value losses on:		
- other investment	**–**	517
- derivative instruments	**70**	–
Written off of:		
- inventories	**156**	141
- other receivables	**77**	–
- property, plant and equitment	**1**	2,551
Impairment losses on trade receivables	**287**	121
Loss on disposal of property, plant and equipment	**154**	6
Realised loss on foreign exchange	**1**	631
Rental expenses on:		
- premises	**1,709**	1,704
- plant and machineries	**6**	2
- office equipment	**6**	4
- cylinder fuel	**16**	6
- forklift	**327**	336
- global positioning system	**23**	20
Unrealised loss on foreign exchange	**–**	590
	2,833	6,629

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

32. OPERATING SEGMENTS (cont'd)

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

	2019 RM'000	2018 RM'000
Revenue		
Total revenue for reportable segments	**585,045**	567,120
Elimination of inter-segment revenue	**(52,171)**	(57,330)
Revenue of the Group per statements of profit or loss and other comprehensive income	**532,874**	509,790
Profit for the financial year		
Total profit or loss for reportable segments	**15,473**	7,634
Tax expense	**(3,315)**	(1,537)
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	**12,158**	6,097
Assets		
Total assets for reportable segments	**506,501**	501,865
Tax assets	**3,379**	1,393
Assets of the Group per statements of financial position	**509,880**	503,258
Liabilities		
Total liabilities for reportable segments	**195,175**	186,619
Tax liabilities	**20,800**	22,718
Liabilities of the Group per statements of financial position	**215,975**	209,337

Major customer

There is no customer with revenue equal to or more than ten (10) percent of the revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

33. COMMITMENTS

(a) Operating lease commitment

(i) The Group and the Company as a lessee

Non-cancellable operating lease rental are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than one (1) year	**405**	398	**1,069**	1,052
Later than one (1) year but not later than five (5) years	**36**	72	**35**	60
	441	470	**1,104**	1,112

(ii) The Group as a lessor

Non-cancellable operating lease receivable are as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than one (1) year	**1,500**	–
Later than one (1) year but not later than five (5) years	**1,938**	–
	3,438	–

(b) Capital commitment

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Approved but not contracted for				
Property, plant and equipment	**11,652**	27,557	**11,652**	27,557
Contracted but not provided for				
Property, plant and equipment	**12,835**	25,588	**12,835**	1,338

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

34. CONTINGENT LIABILITIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Corporate guarantees given to banks for credit facilities granted to subsidiaries - unsecured		
- Limit of guarantee	**14,100**	14,100
- Amount utilised	**3,520**	2,772
Corporate guarantees given to third parties for supplies of goods and services to a subsidiary - unsecured		
- Limit of guarantee	**2,000**	2,000
- Amount utilised	**81**	17

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

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group and of the Company is to ensure that entities of the Group would be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group and the Company manage their capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 April 2019 and 30 April 2018.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Capital management (cont'd)

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital. The Group and the Company regularly reviews the gearing ratio to ensure they are at acceptable levels and within industry norms. Net debts are calculated as total borrowings less cash and bank balances. Capital represents equity attributable to the owners of the parent. A detailed calculation of the net debt is shown below:

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Borrowings	20	**135,190**	125,042	**131,670**	122,270
Less:					
- Short term fund	16	**(14,260)**	–	**(14,260)**	–
- Cash and bank balances	17	**(17,027)**	(37,296)	**(13,510)**	(33,313)
Net debt		**103,903**	87,746	**103,900**	88,957
Total capital		**293,403**	293,921	**262,078**	268,398
Gearing ratio		**35%**	30%	**40%**	33%

Pursuant to the requirements of Practice Note No. 17/2005 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 30 April 2019.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments

Group 2019	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	118,773	–	118,773
Short term fund	–	14,260	14,260
Cash and bank balances	17,027	–	17,027
Other investment	–	1,103	1,103
	135,800	15,363	151,163

	Amortised cost RM'000	Total RM'000
Financial liabilities		
Trade and other payables, net of progress claim and retention payable	59,977	59,977
Borrowings	135,190	135,190
	195,167	195,167

Group 2018	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments and deposit for land and building acquisition	128,307	–	128,307
Cash and bank balances	37,296	–	37,296
Other investment	–	1,103	1,103
Derivative financial assets	–	70	70
	165,603	1,173	166,776

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments (cont'd)

Group 2018	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade and other payables, net of deferred income, progress claim and retention payable	51,703	51,703
Borrowings	125,042	125,042
	176,745	176,745

Company 2019	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	**148,262**	**–**	**148,262**
Short term fund	**–**	**14,260**	**14,260**
Cash and bank balances	**13,510**	**–**	**13,510**
Other investment	**–**	**1,103**	**1,103**
	161,772	**15,363**	**177,135**

	Amortised cost RM'000	Total RM'000
Financial liabilities		
Trade and other payables, net of progress claim and retention payable	**44,087**	**44,087**
Borrowings	**131,670**	**131,670**
	175,757	**175,757**

2018	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments and deposit for land and building acquisition	131,010	–	131,010
Cash and bank balances	33,313	–	33,313
Other investment	–	1,103	1,103
Derivative financial assets	–	70	70
	164,323	1,173	165,496

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments (cont'd)

Company **2018**	**Other financial liabilities RM'000**	**Total RM'000**
Financial liabilities		
Trade and other payables, net of deferred income, progress claim and retention payable	46,920	46,920
Borrowings	122,270	122,270
	169,190	169,190

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

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

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

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

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.

(ii) Non-current amounts owing by subsidiaries and long-term borrowing

The fair values of these financial instruments were estimated by discounting the expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. At the end of the reporting period, these amounts are carried at amortised cost and the carrying amounts approximate fair value.

(iii) Derivative financial assets

The fair value of the derivatives were determined by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss. There was no transfer between levels in the hierarchy in the previous financial year.

(iv) Financial guarantees

The Company provides corporate guarantees to financial institutions and third parties for banking facilities granted to subsidiaries. The fair value of such financial corporate guarantees is negligible as the probability of the subsidiaries defaulting on the banking facilities are remote.

(v) Short term fund

The fair value of short term fund is determined by reference to the exchange quoted market bid price at the close of the business at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy

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

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

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

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

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instrument	**Valuation technique used**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
Financial asset			
Non-current amounts owing by subsidiaries	Discounted cash flows method	Discount rate (5.50% to 6.00%)	The higher the discount rate, the lower the fair value of the assets would be.

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

Group	**Fair value of financial instruments carried at fair value**			**Fair value of financial instruments not carried at fair value**			**Total fair value**	**Carrying amount**
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**RM'000**	**RM'000**
2019								
Financial assets								
Financial assets at fair value through profit or loss								
Other investment - quoted shares in Malaysia	1,103	–	–	–	–	–	1,103	1,103
Short term fund	14,260	–	–	–	–	–	14,260	14,260
Financial liability								
Term loan	–	–	–	–	5,000	–	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

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

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**		
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018								
Financial assets								
Financial assets at fair value through profit or loss								
Other investment								
- quoted shares in Malaysia	1,103	–	–	–	–	–	1,103	1,103
Derivative financial assets								
- forward currency contracts	–	70	–	–	–	–	70	70
Financial liability								
Term loan	–	–	–	–	10,000	–	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

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

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair	Carrying
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	value	amount
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019								
Financial assets								
Amortised cost								
Amounts owing by subsidiaries (non-current)	–	–	–	–	–	44,561	44,561	44,561
Financial assets at fair value through profit or loss								
Other investment								
- quoted shares in Malaysia	1,103	–	–	–	–	–	1,103	1,103
Short term fund	14,260	–	–	–	–	–	14,260	14,260
Financial liability								
Term loan	–	–	–	–	5,000	–	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

35. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

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

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2018								
Financial assets								
Loans and receivables								
Amount owing by a subsidiary (non-current)	–	–	–	–	–	10,000	10,000	10,000
Financial assets at fair value through profit or loss								
Other investment								
- quoted shares in Malaysia	1,103	–	–	–	–	–	1,103	1,103
Derivative financial assets								
- forward currency contracts	–	70	–	–	–	–	70	70
Financial liability								
Term loan	–	–	–	–	10,000	–	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group and the Company are exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk, foreign exchange risk and market risk. It is, and has been throughout for the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the management reporting procedures of the Group.

Exposure to credit risk

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of each reporting period, other than the amounts owing by the subsidiaries amounting to RM49,909,000 (2018: RM22,808,000), which represent 33% (2018: 17%) of trade and other receivables of the Company, there is no significant concentration of credit risk of the Group and of the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Information regarding trade and other receivables is disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

The Group does not have any significant concentration of credit risk related to any individual customers or counterparty as at the end of the reporting year. In addition, the Group also determines concentration of credit risk by monitoring the currency of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:

	Group			
	2019		2018	
	RM'000	% of total	RM'000	% of total
Malaysia	**87,972**	**83**	94,130	80
Singapore	**7,726**	**7**	8,704	7
United States	**10,493**	**10**	14,796	13
Others	*	*	*	*
	106,191	**100**	117,630	100

	Company			
	2019		2018	
	RM'000	% of total	RM'000	% of total
Malaysia	**77,224**	**86**	83,638	83
Singapore	**2,537**	**3**	1,972	2
United States	**10,361**	**11**	14,796	15
Others	**–**	**–**	*	*
	90,122	**100**	100,406	100

*Amount is less than 1%

(b) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

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

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 April 2019				
Group				
Financial liabilities				
Trade and other payables, net of progress claim and retention payable	**59,977**	**–**	**–**	**59,977**
Borrowings	**138,340**	**–**	**–**	**138,340**
Total undiscounted financial liabilities	**198,317**	**–**	**–**	**198,317**
Company				
Financial liabilities				
Trade and other payables, net of progress claim and retention payable	**44,087**	**–**	**–**	**44,087**
Borrowings	**134,759**	**–**	**–**	**134,759**
Financial guarantees *	**16,100**	**–**	**–**	**16,100**
Total undiscounted financial liabilities	**194,946**	**–**	**–**	**194,946**

* This disclosure represents the maximum liquidity risk exposure.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (cont'd).

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 April 2018				
Group				
Financial liabilities				
Trade and other payables, net of deferred income, progress claim and retention payable	51,703	–	–	51,703
Borrowings	122,305	5,172	–	127,477
Total undiscounted financial liabilities	174,008	5,172	–	179,180
Company				
Financial liabilities				
Trade and other payables, net of deferred income, progress claim and retention payable	46,920	–	–	46,920
Borrowings	119,497	5,172	–	124,669
Financial guarantees *	16,100	–	–	16,100
Total undiscounted financial liabilities	182,517	5,172	–	187,689

* This disclosure represents the maximum liquidity risk exposure.

(c) Interest rate risk

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

The Group's and the Company's deposits placed with licensed banks and borrowings are exposed to a risk of changes in their fair values due to changes in market interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk.

The Group and the Company borrow for operations at fixed and variable rates using term loans, trade financing facilities and bank overdraft. There is no formal hedging policy with respect to interest rate exposure.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

(c) Interest rate risk (cont'd)

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

Group	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
At 30 April 2019									
Fixed rates									
Deposits with licensed banks	17	**2.85 - 3.03**	**2,000**	**2,000**	**–**	**–**	**–**	**–**	**–**
Term loan	21	**5.55**	**(5,000)**	**(5,000)**	**–**	**–**	**–**	**–**	**–**
Floating rates									
Bankers' acceptances	20	**4.01 - 4.57**	**(110,190)**	**(110,190)**	**–**	**–**	**–**	**–**	**–**
Revolving credit	20	**6.01**	**(20,000)**	**(20,000)**	**–**	**–**	**–**	**–**	**–**
At 30 April 2018									
Fixed rates									
Deposits with licensed banks	17	2.87 - 3.80	24,720	24,720	–	–	–	–	–
Term loan	21	5.55	(10,000)	(5,000)	(5,000)	–	–	–	–
Floating rates									
Bank overdrafts	20	7.99	(170)	(170)	–	–	–	–	–
Bankers' acceptances	20	3.74 - 4.33	(114,872)	(114,872)	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

(c) Interest rate risk (cont'd)

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

Company	Note	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
At 30 April 2019									
Fixed rates									
Deposits with licensed banks	17	**2.85 - 2.95**	**1,400**	**1,400**	**–**	**–**	**–**	**–**	**–**
Amounts owing by subsidiaries	14	**5.50 - 6.00**	**44,561**	**471**	**446**	**2,599**	**2,464**	**26,793**	**11,788**
Term loan	21	**5.55**	**(5,000)**	**(5,000)**	**–**	**–**	**–**	**–**	**–**
Floating rates									
Bankers' acceptances	20	**4.01 - 4.52**	**(106,670)**	**(106,670)**	**–**	**–**	**–**	**–**	**–**
Revolving credit	20	**6.01**	**(20,000)**	**(20,000)**	**–**	**–**	**–**	**–**	**–**
At 30 April 2018									
Fixed rates									
Deposits with licensed banks	17	3.60 - 3.80	23,770	23,770	–	–	–	–	–
Amount owing by a subsidiary	14	5.50	10,000	–	10,000	–	–	–	–
Term loan	21	5.55	(10,000)	(5,000)	(5,000)	–	–	–	–
Floating rates									
Bank overdrafts	20	7.99	(170)	(170)	–	–	–	–	–
Bankers' acceptances	20	3.74 - 4.33	(112,100)	(112,100)	–	–	–	–	–

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

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 50 basis points with all other variables held constant:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
	Profit after tax	**Profit after tax**	**Profit after tax**	**Profit after tax**
Floating rates				
Increase by 0.5% (2018: 0.5%)	**(495)**	(437)	**(481)**	(427)
Decrease by 0.5% (2018: 0.5%)	**495**	437	**481**	427

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

(d) Foreign currency risk

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

The Group is exposed to foreign exchange rate risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. Information regarding the currency exposure profile of cash and bank balances is disclosed in Note 17 to the financial statements.

The Group is also exposed to foreign currency risk in respect of the overseas subsidiary.

The Group enters into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

In the previous financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for trade payables which were denominated in currency other than the functional currency of the Group.

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

(d) Foreign currency risk (cont'd)

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 30 April 2019 and 30 April 2018 were as follows:

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities within
2019				
Forward contracts used hedge to hedge trade payables	–	–	–	–
2018				
Forward contracts used hedge to hedge trade payables	USD	1,500	5,819	4 months

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's and of the Company's profit after tax to a reasonably possible change in the USD and SGD exchange rates against the Ringgit Malaysia ("RM") respectively, with all other variables held constant. 5% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes outstanding balances denominated in foreign currencies.

	Group		Company	
	2019 RM'000 Profit after tax	2018 RM'000 Profit after tax	2019 RM'000 Profit after tax	2018 RM'000 Profit after tax
USD/RM:				
- strengthened by 5% (2018:5%)	**85**	163	**97**	136
- weakened by 5% (2018:5%)	**(85)**	(163)	**(97)**	(136)
SGD/RM:				
- strengthened by 5% (2018:5%)	**308**	356	**89**	127
- weakened by 5% (2018:5%)	**(308)**	(356)	**(89)**	(127)

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

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

(e) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risks arising from short term funds quoted in Malaysia. This instrument is classified as financial asset designated at fair value through profit or loss.

At the end of each reporting period, the maximum exposure of the Group and of the Company to market risk is represented by the total carrying amount of this financial asset recognised in the statements of financial position, which amounted to RM14,260,000 (2018: Nil). There has been no change to the exposure of the Group and of the Company to market risk or the manner in which the risk is managed and measured.

Sensitivity analysis for market risk

The following table demonstrates the sensitivity of the Group and of the Company to the changes in market quoted prices for unit trust funds at the end of the reporting period, with all other variables held constant:

	Group		Company	
	2019 RM'000 Profit after tax	2018 RM'000 Profit after tax	2019 RM'000 Profit after tax	2018 RM'000 Profit after tax
Effects of 100bp changes in market quoted prices to profit after tax				
- Short term fund	108	–	108	–

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

37. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group and the Company completed the following acquisition of subsidiaries:

(a) Acquisition of Citajaya Kuasa Sdn. Bhd. ("CKSB")

On 5 October 2018, the Company subscribed for 51% of equity interest comprising 51,000 ordinary shares in CKSB for a cash consideration of RM51,000. Consequently, the Company became the holding company of CKSB.

	2019 RM'000
Group	
Cash and bank balances	102
Total identifiable assets	102
Other payables	(5)
Total identifiable net assets	97
Non-controlling interest	(47)
Loss on acquisition	1
Total cost of acquisition	51

The effects of the acquisition of CKSB on cash flow are as follows:

	2019 RM'000
Group	
Consideration settled in cash	51
Less: Cash and cash equivalents of subsidiary acquired	(102)
Net cash inflow of the Group on acquisition	51

CKSB has contributed the following results to the Group for the financial year ended 30 April 2019 from the acquisition date.

	2019 RM'000
Revenue	–
Loss for the financial year	2

NOTES TO THE FINANCIAL STATEMENTS
30 APRIL 2019 (CONT'D)

37. ACQUISITION OF SUBSIDIARIES (cont'd)

During the financial year, the Group and the Company completed the following acquisition of subsidiaries (cont'd):

(b) Acquisition of Contras Build Sdn. Bhd. ("CBSB")

On 5 October 2018, a subsidiary of the Group, Citajaya Kuasa Sdn. Bhd. subscribed for 80% of equity interest comprising 2,000,000 ordinary shares in CBSB for a cash consideration of RM2,000,000. Consequently, the Company became the ultimate holding company of CBSB.

	2019 RM'000
Group	
Other receivable	803
Cash and bank balances	2,041
Total identifiable assets	2,844
Other payables	(401)
Total identifiable net assets	2,443
Non-controlling interest	(466)
Loss on acquisition	23
Total cost of acquisition	2,000

The effects of the acquisition of CBSB on cash flow are as follows:

	2019 RM'000
Group	
Consideration settled in cash	2,000
Less: Cash and cash equivalents of subsidiary acquired	(2,041)
Net cash inflow of the Group on acquisition	41

CBSB has contributed the following results to the Group for the financial year ended 30 April 2019 from the acquisition date.

	2019 RM'000
Revenue	–
Loss for the financial year	42

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2019 (CONT'D)

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 17 August 2018, the Company acquired 20% of equity interest comprising 400,000 ordinary shares in Vistarena Development Sdn. Bhd. ("VDSB") for a purchase consideration of RM6,000,000. The transaction has been completed during the financial year. Consequently, VDSB became an associate of the Company.

(b) On 5 October 2018, the Company subscribed for 51% of equity interest comprising 51,000 ordinary shares in Citajaya Kuasa Sdn. Bhd. ("CKSB") for a cash consideration of RM51,000. The transaction has been completed during the financial year. Consequently, the Company became the holding company of CKSB.

(c) On 5 October 2018, a subsidiary of the Group, Citajaya Kuasa Sdn. Bhd. subscribed for 80% of equity interest comprising 2,000,000 ordinary shares in Contras Build Sdn. Bhd. ("CBSB") for a cash consideration of RM2,000,000. The transaction has been completed during the financial year. Consequently, the Company became the ultimate holding company of CBSB.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 16 May 2019, the Company acquired the entire equity interest comprising 1 ordinary share in Greentech Paramount Sdn. Bhd. ("GPSB") for a cash consideration of RM1. The transaction has been completed on 16 May 2019.

(b) On 16 May 2019, GPSB subscribed for 50.06% of equity interest comprising 2,005,000 ordinary shares in Pembinaan Serta Hebat Sdn. Bhd. for a cash consideration of RM2,005,000. The transaction has been completed on 16 May 2019.

LIST OF PROPERTIES
AS AT 30 APRIL 2019

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2019 RM'000	Date of Revaluation / Acquisition*
1	Lot 11, Jalan Perusahaan 1 Kawasan Perusahaan Beranang 43700 Beranang Selangor Darul Ehsan	28	Leasehold 99 years expiring on 9.10.2099	167,982 (96,046)	Factory complex: Industrial land with single storey factory, 3 storey office block and warehouse	7,891	1.5.2011
2	Lot No 2.08 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	22	Freehold	248,216 (139,324)	Industrial complexes comprising warehouse 1, 2 and 3; anodising factory 1 and 2; powder coating factory	15,977	1.5.2011
3	Lot No. 2.11 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	18	Freehold	– (14,104)	Die shop	7,714	1.5.2011
	Lot No. 2.11 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	16	Freehold	– (64,088)	4-storey office building		
4	Lot No. 2.12 and 2.13 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	14	Freehold	176,557 (92,115)	A single storey warehouse with an annexed single storey loading bay with covered parking lot	12,091	1.5.2011
5	Lot No. 2.13A Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	14	Freehold	– (46,830)	Single storey warehouse annexed with double storey office	6,074	1.5.2011
6	Lot No. 2.46 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	12	Freehold	51,666 (24,664)	Single storey factory	3,048	1.5.2011
7	PT15145 HSD172073 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	4	Freehold	– (85,470)	Single storey warehouse annexed with double storey office	7,341	1.5.2011

LIST OF PROPERTIES
AS AT 30 APRIL 2019 (CONT'D)

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2019 RM'000	Date of Revaluation / Acquisition*
8	PT15145 HSD172073 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	8	Freehold	– (107,360)	1-1/2 storey factory with 2 storey utility building	14,328	1.5.2011
9	Lot 241 (PT 1075) Tingkat Perusahaan 6 Kawasan Perusahaan Perai 13600 Perai Pulau Pinang	26	Leasehold 60 years expiring on 21.2.2042	24,840 (11,875)	Industrial land with factory building and warehouse	867	1.5.2011
10	No. 4, Jalan IM3/6 Kawasan Perindustrian Sektor 1 Indera Mahkota Bandar Indera Mahkota 25000 Kuantan Pahang Darul Makmur	20	Leasehold 66 years expiring on 5.3.2062	44,844 (17,610)	A single storey warehouse cum office building	1,424	1.5.2011
11	Block C-18-1 Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur	21	Freehold	– (2,454)	A corner office suite Corporate office	986	1.5.2011
12	Seri Mutiara Apartment B-09-05, Jalan Persiaran Seri Alam Bandar Baru Seri Alam 81750 Masai Johor Darul Takzim	22	Freehold	– (840)	An apartment suite (1-bedroom) Vacant	73	1.5.2011
13	No. E-3-2, 3rd Floor Taman Pangsapuri Malim Balai Panjang 75250 Melaka	22	Freehold	– (850)	3-storey walk-up apartment Vacant	46	1.5.2011
14	No. 7 Jalan TTS 4/8 Taman Tasik Semenyih 43500 Semenyih Selangor Darul Ehsan	24	Leasehold 99 years expiring on 5.11.2094	3,154 (1,275)	Single storey bungalow house Staff hostel	146	1.5.2011
15	Lot 2038 College Heights Garden Resort Lot 21254 (PT14145) 71700 Pajam Negeri Sembilan Darul Khusus	N/A	Freehold	9,291 –	Vacant residential land	90	1.5.2011
16	Lot 2039 College Heights Garden Resort Lot 21255 (PT14146) 71700 Pajam Negeri Sembilan Darul Khusus	N/A	Freehold	9,289 –	Vacant residential land	90	1.5.2011

LIST OF PROPERTIES

AS AT 30 APRIL 2019 (CONT'D)

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2019 RM'000	Date of Revaluation / Acquisition*
17	Unit No.707, Block F, Pusat Dagangan Phileo Damansara I No.9, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan	3	Freehold	– (2,121)	An office lot Tenanted	790	18.7.2015*
The properties leased by LB Aluminium Berhad and its subsidiaries are as follows:-							
18	Lot PLO 206 (PTD64090) No. 14, Jalan Angkasa Mas 5 Kawasan Perindustrian Tebrau II 81100 Johor Bahru Johor Darul Takzim [1]	26	Leasehold 60 years expiring on 14.4.2053	21,775 (12,782)	Industrial land with single storey factory annexed with 3-storey office	727	1.5.2011
19	Lot PLO 207 (PTD64089) No. 18, Jalan Angkasa Mas 5 Kawasan Perindustrian Tebrau II 81100 Johor Bahru Johor Darul Takzim [1]	22	Leasehold 60 years expiring on 14.4.2053	21,775 (16,274)	Industrial land with single storey factory annexed with 3-storey office	906	1.5.2011
The properties owned by subsidiaries are as follows:							
20	Lot No. 2.11 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	82,742 –	Industrial land	1,600	1.5.2011
21	No. 53, Jalan PBS 14/10 Taman Perindustrian Bukit Serdang 43300 Seri Kembangan Selangor Darul Ehsan	22	Leasehold 99 years expiring on 5.7.2100	2,002 (2,678)	An intermediate 1 1/2 storey terraced factory	604	1.5.2011
22	No. 55, Jalan PBS 14/10 Taman Perindustrian Bukit Serdang 43300 Seri Kembangan Selangor Darul Ehsan	22	Leasehold 99 years expiring on 5.7.2100	2,002 (2,678)	An intermediate 1 1/2 storey terraced factory	604	1.5.2011
23	Lot 755, Jalan Subang 3 Sungai Penaga Industrial Park 47610 Subang Jaya Selangor Darul Ehsan	11	Freehold	136,125 (73,883)	Industrial complexes comprising a 2-storey office building, a 2-storey detached factory, two 1-storey detached factory and a guard house	24,914	15.8.2018*

LIST OF PROPERTIES
AS AT 30 APRIL 2019 (CONT'D)

No.	Location	Approximate Age of Building Year	Tenure	Land Area/ (Built Up Area) sq. ft.	Description	Net Book Value as at 30.4.2019 RM'000	Date of Revaluation / Acquisition*
24	Lot No 2.13 A Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	89,437 –	Industrial land	1,740	1.5.2011
25	Lot No. 42696 (formerly PT 14763) Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	44,250 –	A single storey warehouse and a 1 1/2-storey office building, 3 units of test rig with ancillary building under construction	1,602	12.3.2015*
26	Lot No. 42697 (formerly PT 14764) Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	44,240 –		1,602	12.3.2015*
27	No. 11, Kaki Bukit Road 1 # 03-07 Eunos Technolink Singapore 415939	13	Leasehold 60 years expiring on 8.7.2056	– (3,100)	1 storey shoplot	1,892	1.5.2011
28	Lot 846, Block 7, MTLD Jalan Demak Laut 3 Sejingkat Industrial Park 93050 Kuching Sarawak	24	Leasehold 60 years expiring on 18.8.2054	82,236 (60,245)	A single storey factory building and a single storey store with ancillary building	4,206	1.5.2011
29	Lot 847, Block 7, MTLD Jalan Demak Laut 3 Sejingkat Industrial Park 93050 Kuching Sarawak	24	Leasehold 60 years expiring on 18.8.2054	96,122 (32,648)	A double storey office building and a single factory building with ancillary building	2,583	1.5.2011
30	PT15145 HSD172073 Jalan Perindustrian Mahkota 2 Kawasan Perindustrian Mahkota 43700 Beranang Selangor Darul Ehsan	N/A	Freehold	457,337	Industrial land	8,300	1.5.2011

Note:

1 LB Aluminium Berhad has a 60 years lease from the registered proprietor, Johor Corporation, a body corporate established under the Johor Corporation Enactment 1995 to expire on 14 April 2053.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2019

Statistics on Ordinary Shareholdings As At 31 July 2019

Issued and Paid Up Share Capital	:	RM125,770,795.00
Class of Share	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of Shareholders	:	4,632

Analysis of Ordinary Shareholdings

Holdings	No. of Holders	Total Holdings	%
Less than 100	313	13,464	0.01
100 to 1,000	423	185,537	0.07
1,001 to 10,000	2,087	12,249,645	4.93
10,001 to 100,000	1,613	46,840,087	18.85
100,001 to less than 5% of issued shares	193	100,010,691	40.25
5% and above of issued shares	3	89,186,910	35.89
	4,632	248,486,334	100.00

DIRECTORS' INTEREST

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
Datuk Leow Chong Howa	74,973,406	30.17	–	–
Mark Wing Kong	3,643,500	1.47	–	–
Neoh Lay Keong	–	–	–	–
Leow Sok Hoon	18,368,504	7.39	–	–
Dato' Dr Mohd Husni Bin Ahmad	–	–	–	–
Yap Chee Woon	844,300	0.34	–	–
Toh Khiam Huat	–	–	–	–
Chew Kat Nyap	–	–	–	–
Teh Kok Heng	–	–	–	–
Leow Vinken (Alternate Director to Datuk Leow Chong Howa)	–	–	–	–

SUBSTANTIAL SHAREHOLDERS

According to the registrar to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company :-

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% of Total Shares	No. of Shares Held	% of Total Shares
Datuk Leow Chong Howa	74,973,406	30.17	–	–
Leow Sok Hoon	18,368,504	7.39	–	–

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2019 (CONT'D)

The Thirty Largest Shareholders As At 31 July 2019

No.	Name	No. of Shares	% of Total Shares
1	Datuk Leow Chong Howa	37,700,506	15.17
2	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Exempt An for Bank of Singapore Limited (Local)	37,272,900	15.00
3	Leow Sok Hoon	18,368,504	7.39
4	CIMB Group Nominees (Asing) Sdn Bhd Beneficiary : Exempt An for DBS Bank Ltd (SFS)	9,172,700	3.69
5	Leow Wei Seng	7,454,230	3.00
6	Leow Keng Soon	5,000,000	2.01
7	Mark Wing Kong	3,643,500	1.47
8	Leow Sok Hong	3,610,301	1.45
9	Maybank Securities Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Sulaiman Abdul Rahman B Abdul Taib (Margin)	3,444,500	1.39
10	Lee Joo Ping	2,807,100	1.13
11	Lee Joo Ping Sdn Bhd	2,622,300	1.06
12	Tang Lean See	2,499,950	1.01
13	Lim Khuan Eng	2,350,000	0.95
14	Tan Kar Pin	1,512,100	0.61
15	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account - Ambank (M) Berhad for Lim Pei Tiam @ Liam Ahat Kiat (Smart)	1,500,000	0.60
16	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Gan Seong Liam	1,420,000	0.57
17	Tan Wan Lay	1,418,500	0.57
18	Lim Kian Huat	1,246,500	0.50
19	Chin Chee Wah	1,102,100	0.44
20	Lim Poh Hock	1,057,600	0.43
21	Sam Kwai Sim	1,050,000	0.42
22	CGS-CIMB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Lee Leong Thai (Penang-CL)	1,015,100	0.41
23	Ong Ken Sim	875,000	0.35
24	RHB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Gan Kuok Chyuan	850,000	0.34
25	Yap Chee Woon	844,300	0.34
26	Tay Ying Lim @ Tay Eng Lim	842,100	0.34
27	Aarolyn Yip Yu Ming	773,100	0.31
28	Soo Cham Bock	733,800	0.30
29	HLB Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged securities account for Lim Pay Kaon	700,000	0.28
30	Foong Wai Thim	642,266	0.26
		153,528,957	61.79

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PROXY FORM

LB Aluminium Berhad (138535-V)
(Incorporated in Malaysia)

I/ We____NRIC No./Company No.____
(full name in block letters)

of____

____ being a Member/Members of **LB ALUMINIUM BERHAD** hereby appoint
(full address)

____NRIC No.____
(full name in block letters)

of____
(full address)

or failing whom, ___________________________________NRIC No.____
(full name in block letters)

of ____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Annual General Meeting of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Monday, 30 September 2019 at 10:00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	*FOR	*AGAINST
1.	To approve the payment of a first and final single tier dividend of 1.50 sen per ordinary share in respect of the financial year ended 30 April 2019.		
2.	To approve the payment of Directors' Fees of RM400,000.00 for the financial year ended 30 April 2019.		
3.	To approve the payment of Directors' benefits of up to RM45,000.00 for the period from 1 October 2019 until the next Annual General Meeting of the Company.		
4.	To re-elect Mr Toh Khiam Huat as Director.		
5.	To re-elect Mr Chew Kat Nyap as Director.		
6.	To re-elect Mr Teh Kok Heng as Director.		
7.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To approve Mr Neoh Lay Keong to continue to act as an Independent Director.		
9.	To approve Dato' Dr Mohd Husni Bin Ahmad to continue to act as an Independent Director.		
10.	To grant authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
11.	To approve the Proposed Renewal of Authority for Share Buy-Back.		
12.	To approve the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
13	To approve the Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution.		

(*Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this _______ day of ___________, 2019.

CDS Account No. :	
Number of shares held:	
If more than 1 proxy, please specify number of shares represented by each proxy	
Name of Proxy 1: Number of Shares:	
Name of Proxy 2: Number of Shares:	

____
Signature or Common Seal of Shareholder
Contact Number:

Notes:-

1. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak in the meeting.
2. A member of the Company who is entitled to attend and vote at the meeting may appoint more than two (2) proxies to attend and vote in his stead except where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
5. The instrument appointing a proxy, must be in writing (in the common or usual form) under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at the registered office of the Company located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting or at any adjournment thereof.
7. Only members whose names appear in the Record of Depositors as at 20 September 2019 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

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STAMP

The Company Secretary

LB ALUMINIUM BERHAD
(138535-V)
Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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LB ALUMINIUM BERHAD
(138535-V)

Lot 11, Jalan Perusahaan 1
Kawasan Perusahaan Beranang
43700 Beranang, Semenyih
Selangor Darul Ehsan

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03-8725 8822 (General)
03-8725 8833 (Sales)

Fax:
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03-8725 8826 (Sales)
03-8725 8886 (Sales)
03-8725 8866 (Export)

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