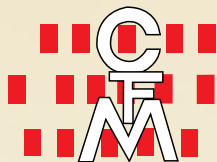


**Computer Forms (Malaysia) Berhad**  
(4423-H)

**ANNUAL | 2017**  
**REPORT**



**Computer Forms (Malaysia) Berhad**  
**(4423-H)**

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Fifth Annual General Meeting (“55<sup>th</sup> AGM”) of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1<sup>st</sup> Floor, Sports Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 13 September 2017 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

## AGENDA

### Ordinary Business

1. To receive the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees of RM144,000 in respect of the financial year ended 31 March 2017.
3. To approve the payment of Directors’ fees of up to RM216,000 for an 18-month period from 1 April 2017 until the next Annual General Meeting of the Company.
4. To re-elect the following Directors retiring in accordance with Article 83 of the Company’s Articles of Association:-
  - (a) En Muhayuddin Bin Musa; and
  - (b) Dato’ Thor Poh Seng
5. To re-elect Mr Teh Kay Yeong who is retiring in accordance with Article 90 of the Company’s Articles of Association.
6. To re-appoint Messrs PCCO PLT (AF : 1056) as Auditors of the Company and to authorise the Directors to fix their remuneration.

Please refer  
Explanatory Note 1

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3(a)

Ordinary Resolution 3(b)

Ordinary Resolution 4

Ordinary Resolution 5

### Special Business

7. To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolution :-

#### Proposed Retention Of Independent Non-Executive Director

“**THAT** Dato’ Ibrahim Mahaludin Bin Puteh be and is hereby retained as Independent Non-Executive Director of the Company.”

Ordinary Resolution 6

8. To transact any other business of the Company for which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

**Tan Shien Yin** (MAICSA No. 7018545)  
**Ho Sok Leng** (MAICSA No. 7043167)  
Secretaries

Kuala Lumpur  
28 July 2017

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (**but not more than two**) to attend and vote instead of him. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
4. The instrument appointing a proxy shall be deposited with the Share Registrar of the Company, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting (“AGM”) or appoint a proxy to attend, speak and vote on his behalf.

### Explanatory Notes:

#### 1. Audited Financial Statements

This Agenda item is meant for discussion only. Under the provisions of Sections 248(2) and 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require approval of shareholders and hence, the matter will not be put forward for voting by shareholders of the Company.

#### 2. Ordinary Resolution 2

The proposed Ordinary Resolution 2 is to facilitate the payment of Directors’ fees after each month of completed service of the Non-Executive Directors for an 18-month period commencing from 1 April 2017 until the next AGM of the Company expected to be held in September 2018, assuming that all the Non-Executive Directors will hold office until the next AGM. In the event that the Directors’ fees proposed is insufficient (eg. due to enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

#### 3. Special Business

##### Ordinary Resolution 6

In line with the Malaysian Code on Corporate Governance, the Nomination Committee has assessed the independence of Dato’ Ibrahim Mahaludin Bin Puteh, who would have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years by 1 December 2017, and upon its assessment, the Board of Directors has, having considered the Nomination Committee’s assessment, recommended for Dato’ Ibrahim to continue to act as Independent Non-Executive Director. The justifications of the Board of Directors for recommending and supporting the proposed resolution for Dato’ Ibrahim to be retained as Independent Director of the Company is set out on pages 20 to 21 under the Corporate Governance Statement in this Annual Report.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dato' Ibrahim Mahaludin Bin Puteh	<i>(Chairman, Independent Non-Executive Director)</i>
En Muhayuddin Bin Musa	<i>(Managing Director)</i>
Mr Lee Yu-Jin	<i>(Executive Director)</i>
Dato' Thor Poh Seng	<i>(Non-Independent Non-Executive Director) (Re-designated w.e.f. 21.10.2016)</i>
Dato' Wong Hok Yim	<i>(Non-Independent Non-Executive Director) (Re-designated w.e.f. 21.10.2016)</i>
Mr Teh Kay Yeong	<i>(Independent Non-Executive Director) (Appointed w.e.f. 15.11.2016)</i>

### AUDIT COMMITTEE

Dato' Ibrahim Mahaludin Bin Puteh *(Chairman)*  
Dato' Thor Poh Seng  
Mr Teh Kay Yeong *(MIA Member)*

### NOMINATION COMMITTEE

Dato' Ibrahim Mahaludin Bin Puteh *(Chairman)*  
Dato' Thor Poh Seng  
Mr Teh Kay Yeong

### REMUNERATION COMMITTEE

Dato' Thor Poh Seng *(Chairman)*  
Mr Teh Kay Yeong

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Ibrahim Mahaludin Bin Puteh  
Fax: (603) 4021 3033

### COMPANY SECRETARIES

Ms Tan Shien Yin (MAICSA No. 7018545)  
Ms Ho Sok Leng (MAICSA No. 7043167)

### REGISTERED OFFICE

Lot 2, Jalan Usahawan 5  
PKNS Setapak Industrial Area  
Off Jalan Genting Kelang  
53300 Kuala Lumpur  
Tel: (603) 4023 3611 Fax: (603) 4021 3033

### PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad

### SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (603) 7849 0777  
Fax: (603) 7841 8151 / (603) 7841 8152

### AUDITORS

PCCO PLT (AF: 1056)  
(Chartered Accountants)  
17, Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Tel: (603) 4042 1177 Fax: (603) 4041 9216

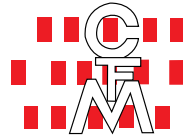
### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name: CFM  
Stock Code : 8044

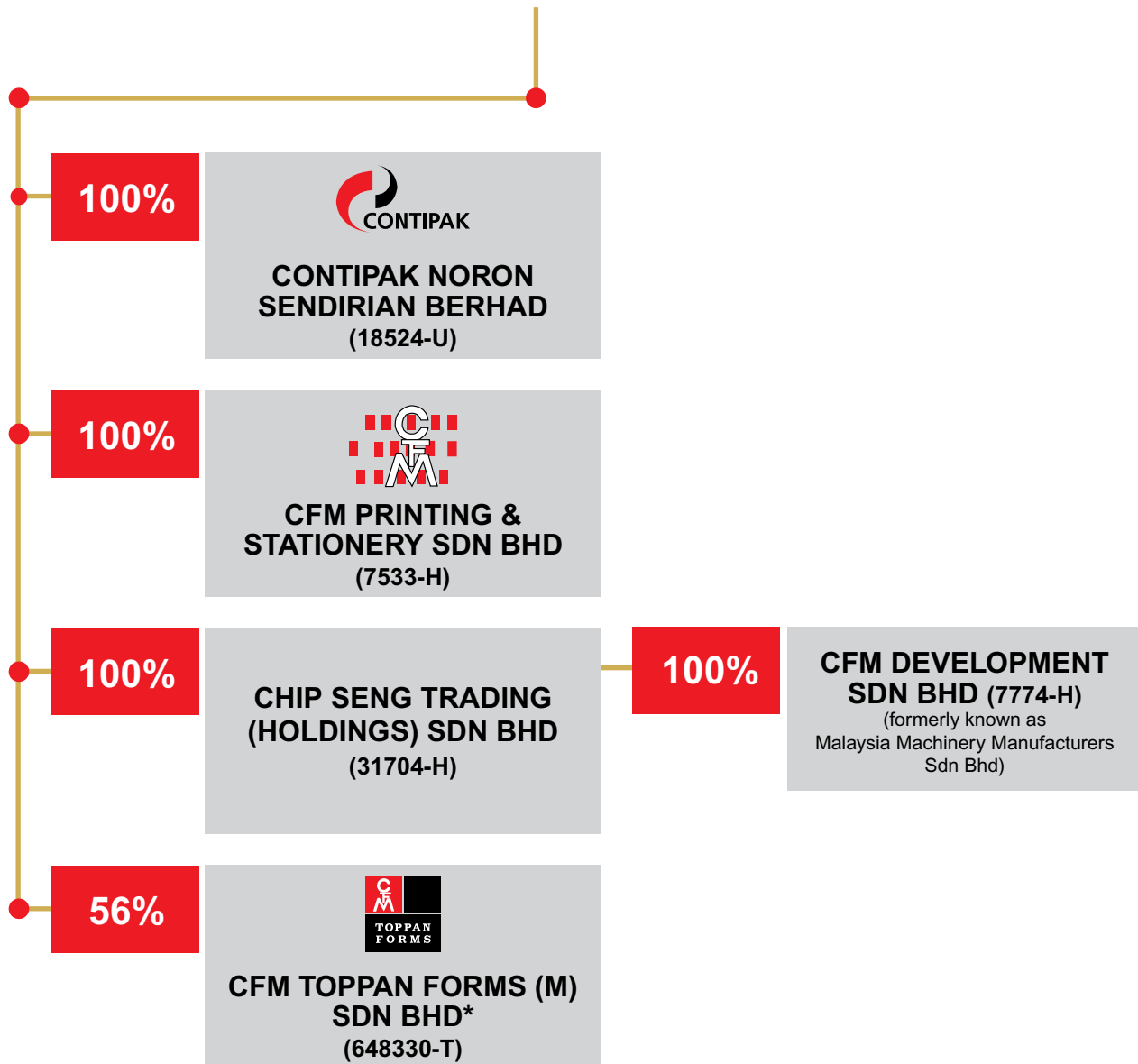
### WEBSITE

[www.cfm.com.my](http://www.cfm.com.my)

# CORPORATE STRUCTURE



## Computer Forms (Malaysia) Berhad (4423-H)



\* Not Audited by PCCO PLT

Note : Dormant companies are excluded.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

The CFM Group is involved in the printing industry which consists of the following companies and operations:-

CFM is one of the largest business forms and commercial security printer in Malaysia producing preprinted business forms, personalized cheque books, special printed cheques, land titles, vouchers and other commercial security items.

CFM Toppan Forms (M) Sdn Bhd, a 56% subsidiary of CFM, provides data print services, business process outsourcing, document archiving and bulk mailing services. The balance equity of CFM Toppan Forms (M) Sdn Bhd is majority owned by Toppan Forms (S) Pte Ltd, a company effectively owned by Toppan Forms Japan, one of the largest business forms printers in the world.

Contipak Noron Sdn Bhd, a 100% owned subsidiary of CFM, produces flexible packaging printed materials such as wrappers for the FMCG, food and beverage and paper based industries. This business earns approximately 30% of its revenue from exports.

CFM Printing & Stationery Sdn Bhd, a 100% owned subsidiary of CFM, is a commercial printer specializing in printing exercise books and other stationery items mainly for the Malaysian education market.

CFM Group operations are based in Setapak, Kuala Lumpur. We operate four factories spread over two separate locations with a land area in excess of 8 acres.

## OBJECTIVES AND STRATEGIES

The Group's major objective is to remain a major player in the Malaysian print industry. Our strategy to achieving this objective is to focus in the printing sectors that are sustainable in the long term and will contribute revenue growth and profits to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

#### Financial Results

RM'000	2017	2016	Change	% Change
Revenue	46,280	44,134	+2,146	+4.9
Gross Profit	6,475	5,464	+1,011	+18.5
Loss before Taxation	(55)	(1,014)	-959	-94.6
Net Loss	(508)	(1,159)	-651	-56.2
Net Loss attributable to Shareholders of Parent	(938)	(1,193)	-255	-21.4

#### Margin & Ratios

RM'000	2017	2016	Change	% Change
Gross Profit Margin	14%	12.4%	+1.6%	+12.9%
Gearing Ratio (Total Debt/Shareholder Equity)	0.16	0.17	-0.01	-5.9%
Debtor Days (Trade Debtors/Revenue)	116.8	116.5	+0.3	+0.26%

#### Revenue

Group revenue of RM46.2 million was 4.9% higher as compared with the previous financial year. The higher revenue was primarily contributed by the business forms and data print services segment.

#### Loss Before Taxation

Loss before tax of RM55,000 was an improvement of RM959,000 over the loss before taxation of RM1 million reported in the previous financial year. The lower loss before taxation was primarily due to the higher revenue reported in the current financial year as well as higher gross profit margins reported by the flexible packaging segment and the business forms and data print services segment.

#### Net loss attributable to shareholders of parent

The net loss attributable to shareholders of parent was lower by RM255,000 in the current financial year. The lower net loss was due to abovementioned higher margins. The non-controlling interest increased significantly due to the stronger performance of CFM Toppan Forms (M) Sdn Bhd which has joint venture partners.

#### Liquidity

Cash and cash equivalents was lower by RM1.2 million this financial year. This decrease was primarily due to repayment of financial liabilities amounting to RM1.3 million. The repayment of these financial liabilities has led to an improvement of the Group's gearing ratio.



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATING ACTIVITIES OF PRINCIPAL BUSINESS SEGMENTS

#### Business Forms and Data Print Services

Revenue increased in the current financial year by 15.3% to RM21.5 million. Net profit also increased 360% to RM754,000. This segment experienced strong revenue growth in bulk mailing services this financial year and this has led to stronger profits reported.

#### Commercial Printing

Revenue decreased in the current financial year by 10% to RM7.7 million. Net loss increased 77% to RM1.1 million. This segment continues to be adversely affected by intense competition and lower demand. In general, school children are using fewer exercise books as the use of workbooks is now the preferred teaching medium.

#### Flexible Packaging

Revenue increased in the current financial year by 1.5% to RM17.4 million. Net loss decreased 68% to RM190,000. Higher revenue was due to stronger domestic sales to customers in the food industry.

Lower losses were reported in the current financial year because of lower raw material utilization resulted from higher production efficiency and lower wastage.

### RISKS AND CHALLENGES

The printing of Business Forms remains challenging due to technological changes especially in the digital media resulting in the reduction in print volumes. For security printing, the usage of cheques is expected to reduce due to the imposition of clearing charges and the growing popularity of e-banking.

Data print services continue to face the same challenges as the demand for paper statements is reducing as more companies are encouraging conversions to e-statement due to cost factors such as postage. The increasing usage of the smart phone through mobile applications will continue to put pressure on this segment of our business.

The flexible packaging business seems to be more stable in terms of growth. However, the challenge in this business is the volatility of the cost of raw materials which are dependent on the crude oil price as well as the exchange rate as most raw materials are priced in US Dollar. The margins will be affected as intense competition in this business makes it difficult to increase prices.

The commercial print market continues to be highly competitive due to the reduced market demand resulting in excess capacity in the market. This situation has led to lower revenue and reduced margins.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FORWARD LOOKING STATEMENT

Despite the risks and challenges, the CFM Group will continue to focus on our existing businesses. At this juncture, there are no plans to make any significant capital investments in our existing businesses. We will continue to consider and evaluate any business opportunities should they arise.

During this challenging period, the CFM Group will continue to seek revenue growth through providing good customer service and quality products. We will strive to deliver better profitability by concentrating on cost reductions through production efficiency and wastage control.

### DIVIDEND POLICY

No dividend has been paid or declared by the Group for the current financial year. The CFM Group does not have a dividend policy but will consider paying a dividend in the future as and when the Group returns to profitability and its cashflow is strong enough to support such payment.

### ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere appreciation to the Management and Staff of the CFM Group for their hard work and dedication.

Further, I would like to thank our shareholders, valued customers, suppliers, bankers and business partners for their continued support.

**Muhayuddin Bin Musa**  
Chief Executive Officer

## PROFILE OF BOARD OF DIRECTORS

**Dato' Ibrahim Mahaludin Bin Puteh**  
*Chairman, Independent Non-Executive Director*  
 Male • Aged 66 • Malaysian

Dato' Ibrahim Mahaludin Bin Puteh was appointed to the Board of Computer Forms (Malaysia) Berhad on 1 December 2008 as Chairman of the Board and Chairman of the Audit Committee. He was later appointed to the Board Nomination Committee on 1 July 2016 and on 4 November 2016, Dato' Ibrahim was appointed as Chairman of the Nomination Committee. Dato' Ibrahim was also appointed as the Senior Independent Non-Executive Director of the Company on 21 October 2016.

He holds a BA (Hons) degree from the University of Malaya and a Master's degree in Business Administration from the Manchester Business School, University of Manchester, United Kingdom.

Dato' Ibrahim was the Deputy Secretary General of the Treasury (Policy) of the Ministry of Finance from April 2007 to October 2008. Prior to that, he had served in various divisions at the Ministry of Finance since 1974. He had also served as the Senior Adviser to the Executive Director for South East Asia at the World Bank Group in Washington DC, USA from 2003 to 2004. He also sits on the Board of Pos Malaysia Berhad.

**Muhayuddin Bin Musa**  
*Managing Director (Chief Executive Officer)*  
 Male • Aged 55 • Malaysian

En Muhayuddin Bin Musa was appointed to the Board of Computer Forms (Malaysia) Berhad ("CFM") on 26 June 1998.

He holds a Bachelor of Commerce (Honours) degree from Carleton University, Ottawa, Canada.

He began his career as a Financial Officer at Lembaga Letrik Negara (LLN). Thereafter, he joined the banking industry marking his tenure into the private sector. He has held various positions in both local and foreign banks. Subsequently he joined Federal Furniture Holdings (M) Bhd as Corporate Affairs Manager and also as Managing Director of one of the Group's subsidiaries.

Currently, he also sits on the Board of Malpac Holdings Berhad and the subsidiary companies of CFM.

**Lee Yu-Jin**  
*Executive Director (Chief Financial Officer)*  
 Male • Aged 50 • Malaysian

Mr Lee Yu-Jin was appointed to the Board of Computer Forms (Malaysia) Berhad ("CFM") on 1 March 2013.

Mr Lee holds a Bachelor of Arts (Honours) in Economics from University of Manchester, United Kingdom. He is also a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants.

He was attached as a trainee accountant with Price Waterhouse in London from October, 1988 to January, 1992 and qualified as a Chartered Accountant in 1991. From February, 1992 to February, 1994, he was a Manager in the Internal Audit Department (European Treasury) of Citibank N.A. based in London. Upon returning to Malaysia in 1994, he joined a financial institution in Malaysia. From October, 1994 to December, 2001, he was the General Manager - Finance & Corporate Affairs of a public company listed on the Main Board of the Bursa Malaysia Securities Berhad, which was engaged in the manufacture of biscuits and sweets and property investment.

Since July 2002, he has worked for CFM. His current position is Executive Director and Chief Financial Officer of CFM. He also sits on the Boards of GPA Holdings Berhad and JKG Land Berhad.

## PROFILE OF BOARD OF DIRECTORS

### **Dato' Thor Poh Seng**

*Non-Independent Non-Executive Director  
Male • Aged 57 • Malaysian*

Dato' Thor Poh Seng was appointed to the Board of Computer Forms (Malaysia) Berhad on 14 March 2006 and was also appointed as Chairman of the Audit Committee and member of the Nomination Committee on the same date. He was appointed the Chairman of the Remuneration Committee on 11 December 2006 and Chairman of the Nomination Committee on 9 November 2007. On 1 December 2008, he resigned as the Chairman of the Audit Committee but remained as a member of the Audit Committee. On 4 November 2016, he resigned as Chairman of the Nomination Committee but remained as a member of the Nomination Committee.

Dato' Thor holds a Bachelor of Engineering degree from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines. He has extensive experience in corporate finance and industry. Dato' Thor has served on the Board of several public listed companies, with business activities covering a wide range of industries. He was also an ex-investment banker from CIMB Investment Bank Berhad ("CIMB") and has held senior positions in operations and finance in public listed companies prior to joining CIMB. Currently, he is also a Director of FCW Holdings Berhad and JKG Land Berhad.

Dato' Thor was a Board member of Jasa Kita Berhad from 1993 to 2013, GPA Holdings Berhad from 2000 to 2013, Marco Holdings Berhad from 2001 to 2013 and Goh Ban Huat Berhad from 2008 to 2013.

### **Dato' Wong Hok Yim**

*Non-Independent Non-Executive Director  
Male • Aged 51 • Permanent Resident*

Dato' Wong Hok Yim was appointed to the Board of Computer Forms (Malaysia) Berhad on 1 June 2013. Dato' Wong was re-designated from the position of Independent Non-Executive Director to Non-Independent Non-Executive Director of the Company on 21 October 2016.

Dato' Wong graduated from DeMonfort University, Leicester, United Kingdom in 1992 with a Bachelor of Science combined studies degree majoring in Accounting and minoring in Law. Subsequently, he obtained Master in Business Administration in Finance from University of Hull, United Kingdom in 1997. He is also a Director of Marco Holdings Berhad.

### **Teh Kay Yeong**

*Independent Non-Executive Director  
Male • Aged 54 • Malaysian*

Mr Teh was appointed to the Board of Computer Forms (Malaysia) Berhad on 15 November 2016. He was also appointed as member of the Audit Committee, Nomination Committee and Remuneration Committee on the same date.

Mr Teh holds a Bachelor of Accounting (Honours) from University of Malaya and a Master's Degree in Business Administration majoring in Finance from University of Hull, United Kingdom. He is also a member of the Malaysian Institute of Accountants. He has extensive experience in accounting and finance and has held senior positions in operations and finance. He also sits on the Board of FCW Holdings Berhad.

## ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

### Family Relationship

None of the Directors have any family relationship with other Board Members and/or the major shareholders of the Company except for Dato' Wong Hok Yim who is the son-in-law of Tan Sri Dato' Tan Hua Choon, a major shareholder of the Company.

### Conflict of Interest

To date, there has not been any occurrence of conflict of interest between any Board Member and the Company.

### Conviction of Offences

None of the Board Members have been convicted of any offence within the past 5 years other than traffic offences, if any, and have not been imposed with public sanction or penalty by the relevant regulatory bodies during the financial year.

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Computer Forms (Malaysia) Berhad (“CFM” or “the Company”) firmly believes that practicing good corporate governance in managing the business affairs of the Group will facilitate the achievement of the Company’s goal and objective of enhancing business growth and corporate accountability to protect the interest of its shareholders.

To that, the Board is committed to preserve good corporate governance standards by continuously reviewing the Group’s corporate governance practices and where appropriate will adopt and implement the Recommendations set out in the Malaysian Code on Corporate Governance 2012 (“the Code”) so as to embed in the Group, a corporate culture that aims to balance between conformance requirements with the delivery of long-term strategic success through performance, without compromising on corporate ethics and integrity.

Below is a statement and description in general on how the Group has applied the Principles and extent of compliance with the Recommendations laid out in the Code during the financial year ended 31 March 2017.

## 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### a) Clear Functions of the Board and Management

There is a clear division of responsibility between the Board of Directors and the Management. The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions.

The Board has overall responsibility in charting the strategic direction of the Group, overseeing the entire Group’s businesses to ensure that they are properly managed and carried out, and ultimately the enhancement of long-term shareholders’ value. The Board delegates the authority and responsibility for managing the day-to-day operations of the Group to the Managing Director who leads the Management team in the execution of the expressed policies and decisions in accordance with the direction and delegation given by the Board and together with the Executive Director, review and evaluate the strategic plan and performance, sales revenue, customers’ feedback of the Group in light of any changing of consumers’ sentiment and unfavorable economic factors as well as the running of the Group’s day-to-day business operations towards attaining the Group’s corporate objectives. Management meetings are held regularly and attended by the Executive Directors and senior management.

The principal functions and responsibilities of the Board include the following:-

- Reviewing and adopting a strategic business plan for the Company

The Board reviews, adopts and monitors the strategic business plan and financial performance of the Group in respect of its objectives and plans set. To ensure successful realization of the strategic business plan, the Board engages with the Management in monitoring the progress of initiatives taken from time to time and, where required, identifies alternative measures to be taken.

The Board also reviews the business challenges faced by the Group and approves the strategic plan proposed by the Management. In reviewing the strategic plan, the Board constructively challenges the Management’s views/assumptions in ensuring the best decisions are made having considered all relevant aspects. Relevant Board decisions are communicated to Senior Management for implementation within a reasonable time frame.

## CORPORATE GOVERNANCE STATEMENT

### *Sustainability of Business*

The Group believes that doing business in a sustainable manner is integral to generate and sustain short term and long term value for its shareholders. As such, the Board is committed to ensure that the Company's strategies promote sustainability with consideration given to the impact on the environment, economics, social and governance aspects in conducting the Group's businesses. The Board understands that balancing those aspects with interest of various stakeholders is essential to enhance investors' perception and public trust.

- Overseeing the conduct of the Group's business

The Board guides the performance of the Group's business year-to-year to evaluate whether the businesses are being properly managed. The financial results, including comparison of the actual financial performance of key business units against budget are presented by the Management to the Board quarterly for review and any unfavourable budget variances are deliberated upon and addressed for the enhancement of the performance of the Group in meeting the Group's business plan and corporate objectives.

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board reviews the system and processes as well as the key responsibilities and assesses for reasonable assurance that the risks have been managed. Members of the Board and the Management maintain constant communication among themselves to discuss strategic and operational risks and to formulate and implement proper action plans to mitigate the risks identified in order to achieve a proper balance between risk incurred and potential returns to shareholders. Further details of the Group's system of internal controls are set out in the Statement on Risk Management and Internal Control in pages 29 to 31 of this Annual Report.

- Succession Plan

The Board through the Nomination Committee assesses the performance of the individual directors (including the Executive Directors) annually to ensure all the directors possess essential skills and knowledge to discharge their responsibilities as directors of the Group.

The Board is committed to ensure that all candidates appointed to senior management are of sufficient caliber and are adequately qualified for their positions. The Management team has made efforts to identify and groom middle management by providing training and guidance to close the competency gap required, as well as career development opportunities for the management personnel in all key functions of the Group's operations as part of the management succession plan.

- Overseeing the development and implementation of a shareholder communications policy

The Board recognizes the importance of corporate accountability to the shareholders and other stakeholders and ensures that they are kept informed in a timely and readily accessible manner of all material information concerning the Group. The Company's website is the primary medium in providing information to all shareholders and stakeholders. The Company also makes use of other communication channels like electronic facilities provided by Bursa Securities, press releases and AGM/EGM to disseminate material information concerning the Group.

## CORPORATE GOVERNANCE STATEMENT

- Reviewing the adequacy and the integrity of the management information and internal control systems of the Company

The Board through the Audit Committee reviews the adequacy and the integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directive and guidelines and ensures that there is a satisfactory reporting framework on internal financial controls and regulatory compliance. Details on the risk management framework are set out in the Statement on Risk Management and Internal Control on pages 29 to 31 of this Annual Report.

There is a formal schedule of matters specifically reserved for the Board's decision including, among others, overall Group strategy and direction, acquisition and divestment policy, approval for major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

Currently, the Board comprises six members with two Independent Non-Executive Directors, a Managing Director, an Executive Director and two Non-Independent Non-Executive Directors. With this Board composition, the Company has complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") with regard to the required ratio of independent directors. The Board considers its current composition with the mix of skills and expertise sufficient and optimum for the discharge of its duties and responsibilities effectively. A brief profile of each Director is presented from pages 10 to 12 of this Annual Report.

The Board acknowledges that the role of Independent Non-Executive Directors are particularly important as they contribute independent judgment towards the Group's business activities and strategies. In this respect, the two Independent Directors sitting on the Board who are independent from management and free from business relationship with the Group are capable of ensuring a balanced independent judgment on issues requiring the Board's deliberation and decision in the best interest of the Group and the shareholders.

### b) Board Charter

The Board has adopted a Board Charter, which provides guidance to the Board in relation to the Board's role, duties, responsibilities and authorities which are in line with the principles of good corporate governance. The Board Charter acts as a source of reference for Board members and the same is accessible by the public on the Company's website. The Board charter was reviewed by the Board on 23 February 2017.

### c) Code of Conduct

The Board has formalized a Code of Conduct for its Directors and employees which sets out the standard of business conduct and ethical behavior expected of Directors/employees of the Group in the performance and exercise of their respective duties and responsibilities with the aim of cultivating good ethical business conducts to promote transparency, integrity, accountability and social responsibility. The Code of Conduct is made available on the Company's website.

#### *Whistle Blowing*

The Company facilitates the mechanism of whistle blowing whereby a worker or stakeholder can report or disclose to the Company's Senior Independent Non-Executive Director any concerns of unethical behavior, actual or potential fraud or illegal acts involving employees, Management and Directors of the Group.



## CORPORATE GOVERNANCE STATEMENT

### d) Code of Ethics

The Board conducts its duties and functions in an ethical manner which is in line with the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia. All Directors and employees are expected to behave ethically and professionally at all times to protect and promote the reputation and performance of the Company. The Group communicates the Code of Ethics to its Directors upon their appointment.

### e) Access to information and advice

All the Directors are provided with a set of board papers consisting of the agenda and all other relevant materials detailing the performance, operational, financial and corporate matters of the Group 7 days prior to Board meetings or any other time frame agreed with the Board when necessary. This procedure enables the Directors to have sufficient time to peruse the papers and if necessary, to obtain further information or clarification from the Management for more focused and constructive deliberation at Board meetings.

In addition to the board papers, the Board would also be provided with texts of any major corporate announcements to be released to Bursa Malaysia Securities Berhad (“Bursa Securities”) and kept informed of any new legislation, rules and regulations issued by various regulatory authorities, where relevant.

In furtherance of their duties, the Directors as a full Board or in their individual capacity have access to all information relating to Group as well as unrestricted access to the advice and services of the senior management to seek clarification and understanding for information relating to the Group’s business affairs to enable the Board to discharge their duties effectively to arrive at informed decisions. The Directors may also engage independent professional services on specified issues, where necessary.

Minutes of meetings of the Board and Audit Committee are also tabled to the Board for its perusal and comments.

### f) Company Secretaries

The Company Secretaries are suitably qualified and are members of professional body. The Company Secretaries play a supporting role to the Board to ensure the Company’s compliance with the MMLR and other rules and regulations whichever applicable to the Company. The Secretaries regularly update the Board on new statutory and regulatory requirements in relation to the Board’s duties and responsibilities. Compliance and governance issues are regularly brought to the Board’s attention. The Secretaries also ensure that adequate records of proceedings of Board meetings and circular resolutions passed are recorded and maintained in the statutory books of the Company.

## 2. STRENGTHEN COMPOSITION

### Board Committees

The following Board Committees have been established to assist the Board in discharging its responsibilities.

These committees are delegated with specific responsibility as defined in their respective terms of reference, each committee will deliberate and examine issues within its established terms of reference and report to the Board with recommendation(s).

## CORPORATE GOVERNANCE STATEMENT

### a) Audit Committee

Details of the Audit Committee Report are set out on pages 27 to 28 of this Annual Report.

### b) Nomination Committee

The Nomination Committee, which was established on 30 July 2002, comprises three members, two of whom are Independent Non-Executive Directors.

The members of the Nomination Committee are:-

- (1) Dato' Ibrahim Mahaludin Bin Puteh
- (2) Dato' Thor Poh Seng
- (3) Mr Teh Kay Yeong

The Nomination Committee is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees whenever necessary.

It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the performance and contribution of each individual Director towards the Group, including the independent non-executive directors as well as assessment of the independence of the independent director(s) who has served the Company for more than nine years. In addition, the Nomination Committee will also review annually the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with the Audit Committee's terms of reference.

Generally, the Nomination Committee will assist the Board to review annually its required mix of skills, knowledge, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

The Nomination Committee had three meetings during the financial year with full attendance of the Committee members. The activities undertaken by the Nomination Committee were as below:

- i) Carried out an assessment on the proposed appointment of a new Independent Non-Executive Director based on among others, the requisite criteria of qualification, skills, experience, ability to contribute in group discussion and availability of time to be spent on the Group's affairs;
- ii) Reviewed and evaluated the effectiveness of the Board and Board Committees as a whole based on the attributes of their size and structure, mix of skills, experience and qualities, effectiveness of meetings, frequency of meetings and the criteria of nature and extent of function performed by the Board Committees;
- iii) Collectively carried out the assessment and rating of each Director's contribution and performance against, among others, the prescribed criterion of character, experience, level of integrity, core competencies, contributions towards Board deliberations and various meetings held and whether they have contributed sufficient time to effectively discharge their duties and responsibilities. The performance of each Executive Director was also carefully considered, including their leadership and management skills as well as their contribution towards the Group's business development and growth; and

## CORPORATE GOVERNANCE STATEMENT

- iv) Assessment of the term of office and performance of the Audit Committee and each of its members based on the requisite criteria set out in the annual assessment form.

All assessments and evaluations carried out were properly documented.

### Appointments to the Board

Decision on appointments of new Directors is made by the full Board on a collective basis based on the aspects of, inter alia, skills, knowledge, expertise, experience, professionalism, integrity as well as the candidate's independence for proposed appointment as independent director, after considering recommendations of the Nomination Committee.

### Re-election of Directors

In accordance with the Company's Articles of Association, one third of the Directors, or if their number is not a multiple of three, the number nearest to one-third, are subject to retirement and be eligible for re-election at each Annual General Meeting. The Articles also provide that all Directors shall retire from office at least once every three (3) years, and shall be eligible for re-election at each Annual General Meeting. All newly appointed Directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election.

### Board Diversity

The Board acknowledges the importance of boardroom diversity, including gender, ethnicity and age. The Group practices the selection of suitable candidates as new Board members based on the candidates' competency, knowledge, skills, experience, character, time commitment and other qualities in meeting the needs of the Group. The Group has always been in support of non-discrimination on the basis of gender, age, race and religion.

### c) Remuneration Committee

The Remuneration Committee was established on 30 July 2002. It comprises wholly of Non-Executive Directors and the members of the Remuneration Committee are:-

- (1) Dato' Thor Poh Seng
- (2) Mr Teh Kay Yeong

The Remuneration Committee's primary responsibility is to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside resources where necessary. The Remuneration Committee also reviews the remuneration packages and benefits accorded to the Executive Directors as well as the Non-Executive Directors' fees structure on an annual basis.

The Board as a whole determines the remuneration package of Non-Executive Directors including the Non-Executive Chairman. The individuals concerned will abstain from discussion to be held in respect of their own remuneration package.

The Remuneration Committee met once during the financial year with full attendance of the Committee members.

## CORPORATE GOVERNANCE STATEMENT

### *Level and make-up*

The Board ensures that the levels of remuneration of the Directors commensurate with the individual's performance, time commitment, contribution and level of responsibilities undertaken while taking into consideration the state of the economy in general and the performance of the industry and the Group in particular. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the level of participation and responsibilities undertaken by them.

### *Procedure*

The Remuneration Committee is responsible for reviewing and formulating remuneration packages of the Executive Directors and makes suitable recommendations thereon to the Board for approval.

The determination of remuneration and benefits of Non-Executive Directors together with Non-Executive Chairman are also reviewed by the Remuneration Committee to ensure that the levels of remuneration offered to the Directors are sufficient to attract and retain people needed to manage the Group successfully. The fees of the Non-Executive Directors are subjected to the approval of the shareholders of the Company at its Annual General Meeting.

The Directors concerned do not participate in decisions on their own remuneration packages.

### *Disclosure*

Set out below are details of the remuneration of the Directors of the Company received/receivable from the Company and on Group basis respectively during the financial year ended 31 March 2017, distinguishing between Executive and Non-Executive Directors:-

Category of Remuneration	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Fees	-	162,000	-	144,000
Salaries and Bonuses	780,000	-	780,000	-
Contributions to provident funds, pension fund or other retirement benefit scheme	116,480	-	116,480	-
Others	74,569	-	50,619	-
<b>Total</b>	<b>971,049</b>	<b>162,000</b>	<b>947,099</b>	<b>144,000</b>

## CORPORATE GOVERNANCE STATEMENT

The number of Directors whose remuneration fall within the respective band is as follows:

Band (RM)	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
1 – 50,000	-	4	-	4
50,001 – 100,000	-	1	-	1
350,001 – 400,000	1	-	1	-
500,001 – 550,000	-	-	1	-
550,001 – 600,000	1	-	-	-
<b>Total</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>5</b>

*For security and confidentiality reasons, the details of the Directors' remuneration are not shown with reference to Directors individually. The Board is of the view that the transparency and accountability aspect of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.*

### 3. REINFORCE INDEPENDENCE

#### a) Annual Assessment of Independence

The existence of Independent Directors on the Board itself does not ensure absolute unbiased judgment as it can be compromised by familiarity with the other Board members. In this connection, the Board has undertaken an annual assessment of the independence of the Independent Directors via disclosed interests and the criterias for assessing their independence were developed by the Nomination Committee and adopted by the Board. The current Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the MMLR.

The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Director should not be determined by their tenure of service. The Board is confident that the Independent Directors themselves, having provided all the relevant confirmation on their independence, will be able to determine if they can continue to being independent and provide objective judgement on Board deliberations and decision making.

#### b) Tenure of Independent Director

One of the recommendations of the Code states that the tenure of an independent director should not exceed a cumulative term of nine years. In line with the Code, the Nomination Committee has assessed the independence of Dato' Ibrahim Mahaludin Bin Puteh who would have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years by 1 December 2017, and based on the findings of the assessment, the Board of Directors has recommended for Dato' Ibrahim to continue to act as Independent Non-Executive Director based on the following justifications, subject to the approval of the shareholders of the Company at its Annual General Meeting ("AGM"):

- i) he continues to fulfill the criteria under the definition of Independent Director as stated in the MMLR;

## CORPORATE GOVERNANCE STATEMENT

- ii) his length of service on the Board for almost nine years does not in any way interfere with his exercise of objective judgment or his ability to act in the best interests of the Company and Group. In fact, having been with the Company for almost nine years, he is familiar with the Group's business operations and has devoted sufficient time and commitment to his role and responsibility as Independent Director for informed and balanced decision making;
- iii) he has exercised due care during his tenure as Independent Director of the Company and has discharged his duty with skill and competence, bringing independent judgment and depth into the Board's decision making in the interest of the Company and its subsidiaries; and
- iv) he is able to function as check and balance in the assessment of the Company's various business proposals and has exercised due care in the interest of the Company and shareholders during his tenure as Independent Director of the Company.

### c) Separation of the positions of the Chairman and the Executive Directors

There is clear segregation of roles between the Chairman of the Board and Executive Directors to ensure that there is a balance of power and authority. Under the present structure of the Board, the Chairman is responsible to guide the Executive Directors in the oversight of management and ensure Board effectiveness and conduct. The Executive Directors have the overall responsibilities of monitoring the business affairs and operations of the Group as well as managing the development and implementation of the policies and decisions made by the Board towards achieving the corporate objectives of the Group.

## 4. FOSTER COMMITMENT

### a) Time Commitment

The Board is mindful of the importance of devoting sufficient time to carry out their responsibilities and regularly updating their knowledge and enhancing their skills. Each Director is expected to commit sufficient time as and when required to discharge their responsibilities. The Directors are aware of the maximum number of directorships rule set by Bursa Malaysia and all the Directors of the Company comply with the rule of holding not more than five directorships in public listed companies.

The Board has pre-scheduled meetings annually which dates are set in advance so as to facilitate the Directors' time planning. Each Board member is expected to attend at least 50% of the total Board Meetings held in any applicable financial year.

The Board meets to review and discuss matters specifically reserved to itself for decision to ensure that the direction and control of the Group is firmly in its hands. Key matters tabled at Board meetings include review and adoption of the Group's quarterly and year-end financial results, business plan, annual budget, assets acquisition, approval on major capital expenditure projects and consideration of significant financial matters, Group policies and delegated authority limits.

During the financial year ended 31 March 2017, two Board meetings were held with full attendance of all Directors. All proceedings, deliberation and conclusions of the Board meetings were properly recorded by the Company Secretaries present at the meetings.

## CORPORATE GOVERNANCE STATEMENT

### b) Directors' Training

The Board of Directors acknowledges the importance of continuous education for keeping abreast with regulatory updates and developments in the business environment and ensuring that its members have access to continuing education programme for enhancement of the Directors' skills and knowledge in order to discharge their duties effectively.

Newly appointed directors will be provided with a brief induction of the Group's business operations, past performances and corporate exercise undertaken.

Apart from the Mandatory Accreditation Programme ("MAP") accredited by Bursa Securities, the Directors are also encouraged to attend various seminars and training programmes to constantly stay updated with changes and development in various aspects of the business environment.

During the financial year under review, the Directors had attended talks, seminars and training programmes which covered the following topics:-

- Directors Duties, Business Ethics & Governance Seminar 2016;
- Corporate Governance Breakfast Series : the Strategy, the Leadership, the Stakeholders and the Board;
- Industry Workshop on Logistics and e-Commerce;
- Fraud Risk Management : Whose Responsibility is it;
- Role of Chairman & Independent Directors;
- Related Party Transactions – their implications to the Board of Directors, Audit Committee & Management;
- Corporate Governance Breakfast Series : Future of Auditor Reporting – the Game Changer for Boardroom;
- Integrated Reporting Conference – Connecting the Dots;
- Launch of the AGM Guide & Corporate Governance Breakfast Series : How to leverage on AGMs for Better Engagement with Shareholders;
- MIA International Accountants Conference 2016 – Strengthening the Profession for a Sustainable Future;
- Advocate Sessions on Management Discussion & Analysis for CEO and CFO; and
- Invitation to the Release of the Malaysian Code on Corporate Governance

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### a) Compliance with the Applicable Financial Reporting Standards

The CFM Group aims to provide and present a clear, balanced and comprehensive assessment of its financial performance and prospect through the annual financial statements and quarterly results to the shareholders and investing public.

In this respect, the Board is assisted by the Audit Committee in reviewing and overseeing the Group's financial reporting process to ensure correctness and adequacy before tabling the financial statements and quarterly results to the Board for further review prior to announcement or presentation to the shareholders at AGM. The statement by Directors pursuant to Section 251 (2) & (3) of the Companies Act, 2016 is set out on page 26 of this Annual Report.

## CORPORATE GOVERNANCE STATEMENT

### b) Assessment of Suitability and Independence of External Auditors

The Board, the Audit Committee and the Management maintain a formal and transparent relationship with the Group's Auditors in seeking their professional advice and opinion on accounting matters to ensure compliance with the relevant financial reporting standards. The relationship between the Audit Committee and the Auditors is set out on pages 27 to 28 of this Annual Report

Significant audit issues which merit the special attention of the Board and the Audit Committee would be brought up and discussed at Audit Committee meetings.

During the financial year under review, the Audit Committee met with the External Auditors twice without the presence of the Executive Directors and the Management to allow the Audit Committee members and the External Auditors to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee reviewed and considered the suitability and independence of the External Auditors from the aspects of performance and quality of work based on the feedback obtained from the Company's personnel who has substantial interaction with the External Auditors, non-audit services provided and the timeliness of services deliverables and was of the view that the External Auditors, who have communicated with the Audit Committee vide the Audit Planning Memorandum and audit findings report, have provided the necessary quality of service, possessed sufficient resources, competency and was able to demonstrate its independence throughout the conduct of the audit engagement.

The Company's External Auditors had confirmed that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Such declaration was given in the External Auditors' annual audit plan presented to the Audit Committee prior to the commencement of their audit for the financial year.

The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as the External Auditors. The External Auditors are invited to attend AGM of the Shareholders of the Company and are available to answer the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of their audit report.

## 6. RECOGNISE AND MANAGE RISKS

### Sound Framework to Manage Risks and Internal Control

The Board acknowledges its overall responsibility in ensuring that a sound risk management framework and internal control system is maintained throughout the Group, covering not only financial controls but also operational and compliance controls and risk management. Such controls, by its nature, can only provide reasonable but not absolute assurance against materials misstatement, loss or fraud.

The Group continually reviews its internal control processes and procedures to ensure it maintains a sound system of internal controls to safeguard its assets and the shareholders' investments as far as possible.

The CFM Group's Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out on pages 29 to 31 of this Annual Report.



## CORPORATE GOVERNANCE STATEMENT

### 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### a) Appropriate Corporate Disclosure

The Board takes cognisance of the need for the Group to comply with the applicable laws and regulations pertaining to corporate disclosures, handling of material information as well as maintenance of confidentiality, and will act accordingly.

In this respect, the Board observes timely release of quarterly financial results, corporate proposal announcements via the Bursa Link and the press (where appropriate), annual reports and circulars to shareholders to ensure that the shareholders and investing public are kept informed of the Group's performance and prospect.

#### b) Leverage on Information Technology for Effective Dissemination of Information

The Company maintains a website at [www.cfm.com.my](http://www.cfm.com.my) which provides an avenue for the shareholders, investors and the public at large to access to the Company's information inclusive of all announcements. The public may also forward their queries and concerns regarding the Company to the designated person(s) whose contact details are included in the Company's website.

### 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### a) General Meeting of Shareholders

The Annual General Meeting ("AGM") of the shareholders of the Company represents the principal forum for dialogue and interaction between the Board and the shareholders, during which the shareholders are given the opportunity to raise questions pertaining to the resolutions tabled thereat or business activities of the Group. The Board members, Chief Financial Officer and the Company's External Auditors are available to respond to shareholders' questions during each AGM.

Extraordinary General Meeting ("EGM") is held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are sent out to the shareholders within a reasonable and sufficient time frame and are published in a nationally circulated newspaper. A press conference is usually held immediately after each AGM or EGM of the Company, whereat the Board members answer questions posed on the Group's operations and future plans.

In addition, the shareholders may also address their concerns, if any, to Dato' Ibrahim Mahaludin Bin Puteh, the Senior Independent Non-Executive Director of the Company, via fax no. 603 - 4043 6750 or by mail to the Company's registered office.

#### b) Poll Voting

In line with paragraph 8.29A(1) of the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An Independent scrutineer will be appointed to validate the votes cast at the general meetings.

## CORPORATE GOVERNANCE STATEMENT

### c) Communication with Shareholders and Investors

The Board acknowledges the need for shareholders to be informed on all material developments affecting the Group's state of affairs. To ensure shareholders and investors are well informed, information are disseminated through announcements to Bursa Securities. This includes timely release of quarterly financial results on the Group's performance and operations. The Company's website is currently the primary means of communication between the Company, its shareholders and the general public.

## OTHER INFORMATION

### a) Options, Warrants or Convertible Securities

The Company did not issue warrants or convertible securities during the financial year.

### b) Audit and Non-Audit fees

The amount of audit and non-audit fees incurred for services rendered to the Company and the Group by the External Auditors or a firm or corporation affiliated to the External Auditors' firm for the financial year ended 31 March 2017 were as below:

	Audit Fees (RM)	Non-Audit Fees (RM)
Company	44,500	3,000
Group	108,950	-

### c) Material contracts

There were no material contracts entered into by the Company and the Group which involved the interest of the Directors or major shareholders since the end of the previous financial year.

## CORPORATE GOVERNANCE STATEMENT

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group takes into account the significance of environment, social obligations and corporate governance matters in pursuing its business objectives. Throughout the year, the Group carried out its CSR activities focusing on the following areas:

#### i) Occupational Safety & Health Commitment

The Group is committed to ensuring minimal impact on the environment as well as to protecting the safety and health of its employees, customers and neighbours.

Over the years, the Group has developed and formulated occupational safety and health policies to ensure a safe work place environment for our employees, customers and neighbours.

The Group is also committed to implementing policies and procedures including work instructions that assist in ensuring our operations are conducted and performed in accordance and in compliance with existing laws, regulations and standard. The Group does not have diversity policy for its workforce but is committed to provide an environment where all staff, regardless of age, gender, race and religion, will have equal opportunity to perform, excel and work together in achieving organisational goals.

#### ii) Environmental Practice

Paper is the Group's main raw material and wherever possible the Group try to source from reputable paper mills that practice sustainable forest management. Apart from selecting environmentally responsible vendors, efforts are being made to educate some of the Group's customers to utilise recycled paper.

The Group is committed to ensuring that all its waste materials are ultimately disposed of in an environmentally friendly way. The Group engages a contractor to collect its waste papers for disposing at a paper recycling plant. Ink and chemical waste are collected and disposed by Quality Alam, the approved government agency responsible for toxic waste disposal.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 (the "Act"), to ensure that financial statements of the Company and the Group for each financial year are drawn up in accordance with the applicable approved accounting standards of Malaysia and the provision of the Act so as to give a true and fair view of the Company and the Group's affairs, results and cash flows position for the financial year.

The Directors consider that in preparing the financial statements for the year ended 31 March 2017, the CFM Group had used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors are also responsible for ensuring that the CFM Group keeps adequate accounting records, which disclose with reasonable accuracy the financial position of the CFM Group at any point of time. In addition, the Directors have taken steps to safeguard the assets of the CFM Group to prevent and detect fraud and other irregularities.

## AUDIT COMMITTEE REPORT

The Board of Directors of Computer Forms (Malaysia) Berhad (“CFM” or “the Company”) is pleased to present the CFM Audit Committee Report for the financial year ended 31 March 2017.

### COMPOSITION OF THE AUDIT COMMITTEE

Name	Directorship	Membership
Dato’ Ibrahim Mahaludin Bin Puteh	Independent & Non-Executive	Chairman
Dato’ Thor Poh Seng	Non-Independent & Non-Executive	Member
Mr Teh Kay Yeong ( <i>MIA member</i> )	Independent & Non-Executive	Member

### MEETINGS OF THE AUDIT COMMITTEE

The attendance of each Audit Committee member at the Audit Committee meetings held during the financial year ended 31 March 2017 are as follows:-

Members	Dates of Meetings				% of Attendance
	24/05/2016	29/08/2016	28/11/2016	23/2/2017	
Dato’ Ibrahim Mahaludin Bin Puteh	√	√	√	√	100
Dato’ Thor Poh Seng ( <i>redesignated on 21 October 2016</i> )	√	√	√	√	100
Mr Teh Kay Yeong ( <i>appointed w.e.f. 15 November 2016</i> )	*	*	√	√	100
Mr Ou Wee Sun ( <i>resigned w.e.f. 18 August 2016</i> )	√	*	*	*	100

\*the person concerned was not a member of the Audit Committee on the particular dates shown.

The Executive Directors and Internal Audit Consultants were usually invited to attend the CFM Audit Committee meetings to brief on the activities involving their areas of responsibilities.

The minutes of each Audit Committee Meeting were documented and distributed to all members of the Board.

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the 2017 financial year, the CFM Audit Committee carried out the following activities in the discharge of its functions and duties:

- i) Reviewed the Group’s quarterly financial results and made suitable recommendations thereon to the Board for adoption prior to their release to Bursa Malaysia Securities Berhad for the financial quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016.
- ii) Reviewed various variances arising from the comparisons of the Group’s year-to-date actual results against the budget.
- iii) Reviewed the Group Budget for the financial year ended 31 March 2017.

## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

- iv) Reviewed and discussed the audit findings presented by the External Auditors in respect of the audit for the financial year ended 31 March 2016.
- v) Discussed with the External Auditors on audit issues for the financial years ended 31 March 2016 and 2017, without the presence of the Executive Directors.
- vi) Reviewed the assistance given by the Management to the External Auditors.
- vii) Reviewed the Audit Plan with regard to the External Auditors' audit program and some updates on new accounting standards/interpretations/amendments applicable to the Group's financial statements for the financial year ended 31 March 2017.
- viii) Reviewed internal audit reports prepared by the Group's internal audit consultants on the following areas:-
  - Production, Maintenance & Quality Assurance;
  - Human Resource Management; and
  - Sales Management.

### INTERNAL AUDIT FUNCTION

The Group had since March 2002 outsourced its internal audit function to an external consultant who report directly to the CFM Audit Committee. The internal audit consultant provides independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system of the Group to assist the Board in ensuring that every aspect of the Group's operations and management are conducted with clear lines of control and accountability with the ultimate objective of safeguarding shareholders' investment and the Group's assets.

During the financial year, the outsourced internal audit function conducted independent review on the Group's major processes of Production, Maintenance & Quality Assurance, Human Resource Management as well as Sales Management to assess the adequacy of the control design and effectiveness of the control application in respect of the processes under review. The findings, recommended corrective action together with the Management's response were highlighted to the CFM Audit Committee. The total cost incurred for the Group's internal audit function in respect of the financial year ended 31 March 2017 was RM69,089.32.

Summary of work of the internal audit function are detailed in the Statement on Risk Management and Internal Control on pages 29 to 31 of this Annual Report.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In compliance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and the “Statement on Risk Management & Internal Control - Guidelines for Directors of Public Listed Issuers”, the Board is committed in maintaining a sound system of risk management and internal control in the conduct of its business operations and is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2017.

## 1. Board’s Responsibility

The Board recognizes its overall responsibility for the adequacy and effectiveness of the risk management framework and system of internal controls within the Group. However, the Board is equally aware that such systems and processes are designed to manage the Group’s risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

The Board, through its Audit Committee, reviews the adequacy and effectiveness of the risk management and internal control system in relation to the internal audits conducted. The internal audit observations, together with Management’s response and propose action plans are presented to the Audit Committee on a quarterly basis. In addition, the review of the internal audit reports is part of the agenda of the Board meeting.

## 2. Risk Management Framework

The overall risk management practice of the Group involves an ongoing process designed to identify the principal risks to the achievement of the Group’s policies, goals and objectives and to evaluate the nature and extent of those risks so as to proactively manage them efficiently, effectively and economically. The Group adopts an enterprise wide risk management approach and all the active businesses of the companies within the Group are considered and categorized in accordance with their main functional activities. This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements.

The main features of the risk management process are as follows:

### a) Establish the context of risk in relation to the Group’s risk appetite

The amount of risk, on a broader level, acceptable to the Group in pursuing the various business objectives is determined by the senior management.

### b) Risk identification in relation to the objectives of every business function

The risks are identified through a series of interviews and discussions with the risk owners, i.e. key personnel and management of the Group. The risk identification process includes consideration of both internal and external environment factors. External environmental factors include economic and political changes, changes in the behavior of competitors, new regulations or legislation and technological developments. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The risks are also classified into four categories:

- Business Risks
- Strategic Risks
- Operational Risks
- Financial Risks

### c) Assess the potential impact and likelihood of the risks identified and hence their risk levels

The impact of the risk is rated on a scale of A to E (A to indicate the lowest impact and E to indicate the highest impact). Whereas the likelihood of a risk is rated on a scale of 1 to 5 (1 to indicate lowest probability and 5 to indicate the highest probability). The risk level shall be rated low, medium and high according to the Risk Analysis Matrix.

### d) Ongoing monitor and review risk mitigating measures, risk levels and emerging risks

All the identified risk and mitigating measures are documented into a “Business Risk Profile”. The Business Risk Profile of the Group is updated on an ongoing basis and approved by the Board.

The Business Risk Profile serves as a tool for the heads of department/business unit for managing key risks applicable to their areas of business. Key risks and issues are reviewed quarterly and resolved by the Management team at quarterly meetings. Through these mechanisms, key risks identified in the Business Risk Profile are assessed in a timely manner and control procedures are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Audit Function reviews the effectiveness and adequacy of control procedures adopted by the Company on quarterly basis in mitigating the key risks identified in the Business Risk Profile. Any weaknesses noted during the audit review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Company are reviewed quarterly and appropriately managed to an acceptable level.

## 3. System of Internal Controls

The key elements of the Group’s system of internal controls that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

- Management has clear responsibility for identifying and evaluating the risks facing their business and implementing procedures to mitigate and monitor such risks. In addition, issues are identified, discussed and resolved regularly within the Group.
- Clearly defined delegation of responsibilities to the Management of the Group’s companies, including authorization levels for all aspects of the business and operations;
- Regular review of reports from the Management covering various aspects of business, key operating statistics/indicators, environmental, legal and regulatory matters;
- To ensure the uniformity and consistency of practices and controls within the Group, Standard Operating Procedures have been formalized and documented for the key business processes.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

- The Standard Operating Procedures are subjected to review and improvement alongside the internal audit review of the selected area of operations.
- There is a detailed and comprehensive budgeting process for monitoring monthly performance against the budget. The budget is submitted to the Executive Directors for review and approval by the Board. Key variances from the budget are reported monthly and followed up by the Management.
- Investment proposals are subject to formal review and authorization by the Executive Directors and the Board for consideration and approval. Monthly management reports are submitted by major associates and subsidiaries to the Management to monitor financial and operational performance.
- Quarterly risk-based internal audits, i.e. focusing on key risk areas are carried out by internal audit consultants to provide independent assurance on the effectiveness and efficiency of the Group's system of internal controls and advise the Management on areas for improvements.
- The Audit Committee also reviews on a quarterly basis the audit reports on internal control and risk issues identified by the internal audit consultants, external auditors, regulatory bodies and senior management, and evaluate the effectiveness of the Group's risk management and internal control systems.
- The Group's subsidiary - CFM Toppan Forms (M) Sdn Bhd is accredited with ISO 9001:2015 international quality standard. This ISO system provides the Group with improved control of key processes and a foundation for further improvement of quality and customer satisfaction.
- Promotion of a strong internal control culture through the Group's values and ethics.

Through the establishment of sound internal control, which includes monitoring and reporting systems, the Board reports that the existing system of internal controls is satisfactory. No material losses have occurred during the financial year under review as a result of weaknesses in internal control. The Board, together with the Management, continue to take measures to strengthen the control environment.

### 4. Assurance from Management

In accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers, the Board has received assurance from the Executive Directors that to the best of their knowledge, the risk management and internal control system of the Group are operating adequately and effectively, in all material respects, based on the risk management and internal control described above.

### 5. Review of the Statement by External Auditors

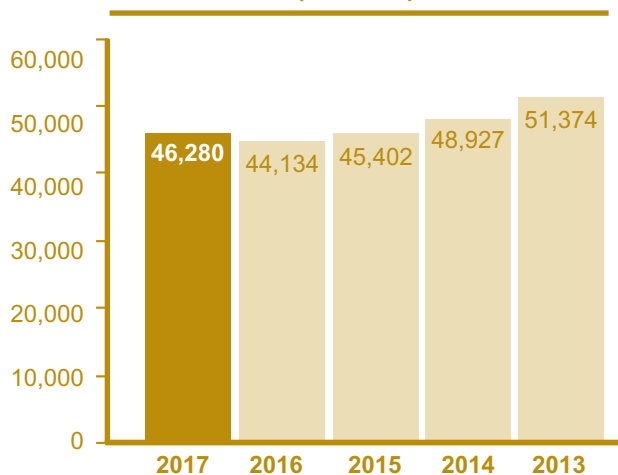
As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management & Internal Control. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control system and risk management of the Group.



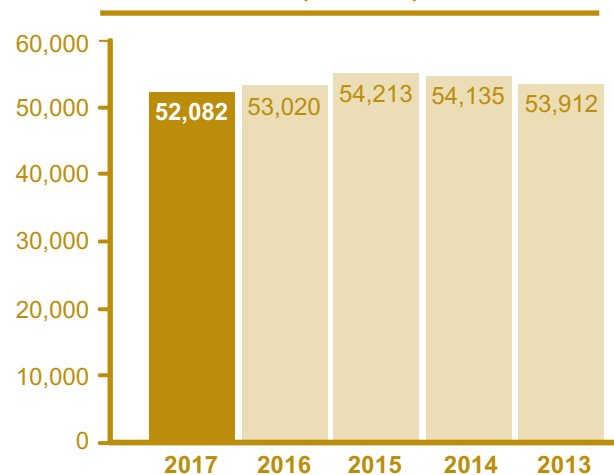
## 5 YEARS GROUP FINANCIAL HIGHLIGHTS

Group	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	46,280	44,134	45,402	48,927	51,374
Profit/(Loss) Before Tax	(55)	(1,014)	(1,054)	1,002	2,219
Profit/(Loss) Attributable to Owners of the Parent	(938)	(1,193)	78	223	1,396
Shareholders' Funds	52,082	53,020	54,213	54,135	53,912
Earnings/(Loss) per share (sen)	(2.29)	(2.91)	0.19	0.54	3.41

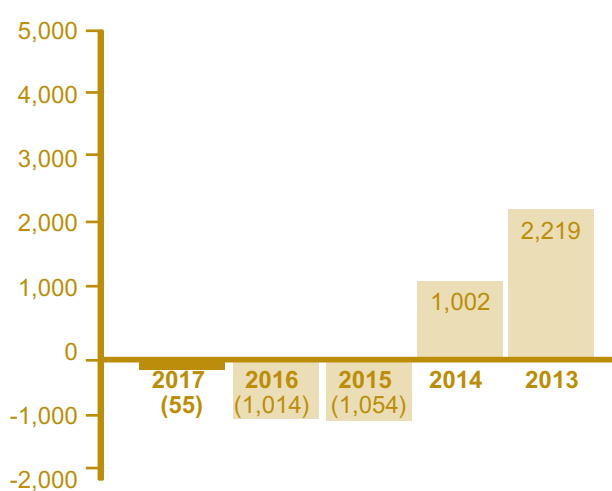
**REVENUE  
(RM'000)**



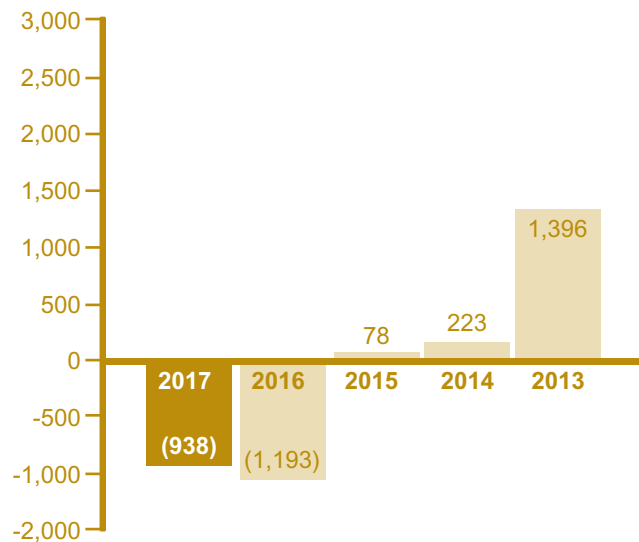
**SHAREHOLDERS' FUNDS  
(RM'000)**



**PROFIT/(LOSS) BEFORE TAX  
(RM'000)**



**PROFIT ATTRIBUTABLE  
TO OWNERS OF THE PARENT  
(RM'000)**





# FINANCIAL STATEMENTS



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## DIRECTORS' REPORT

### for the financial year ended 31 March 2017

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

#### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of printing and distributing of computer forms, stock forms and specialised forms. The principal activities of the subsidiary companies are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

#### RESULTS

	The Group RM	The Company RM
Loss for the year	508,259	221,977

#### DIVIDEND

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

#### SHARE CAPITAL

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

#### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

#### DIRECTORS

The directors in office during the financial year and up to the date of the report are:

Dato' Ibrahim Mahaludin Bin Puteh	
Muhayuddin Bin Musa	
Lee Yu-Jin	
Dato' Thor Poh Seng	
Dato' Wong Hok Yim	
Teh Kay Yeong	(appointed on 15/11/2016)
Ou Wee Sun	(resigned on 18/8/2016)

#### DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

## **DIRECTORS' REPORT**

### **for the financial year ended 31 March 2017**

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed as directors' remuneration under note 7 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 he is a member, or with a company in which he has a substantial financial interest.

Neither at the end of the financial year, nor at anytime during the financial year, did there subsist any arrangements to which the Company is a party, being arrangements with the object or objects of enabling directors to acquire benefits by means of the acquisition of shares in the Company or shares in, or debentures of any other body corporate.

#### **STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

- (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 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, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (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.
- (c) As at the date of this report, there does not exist:
- (i) any charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

## **DIRECTORS' REPORT**

### **for the financial year ended 31 March 2017**

#### **STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)**

- (e) No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

#### **SUBSIDIARIES**

Details of subsidiaries are set out in Note 11 to the financial statements.

#### **AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 7 to the financial statements.

#### **AUDITORS**

The auditors, PCCO PLT, have indicated their willingness to continue in office.

On behalf of the board

**MUHAYUDDIN BIN MUSA**

**LEE YU-JIN**

Kuala Lumpur  
Date: 28 June 2017

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 42 to 89 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

In the opinion of the Directors, the information set out in Note 27 on page 89 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Board

**MUHAYUDDIN BIN MUSA**

Kuala Lumpur  
Date: 28 June 2017

**LEE YU-JIN**

## STATUTORY DECLARATION

I, Lee Yu-Jin, being the director responsible for the financial management of Computer Forms (Malaysia) Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 42 to 89 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**LEE YU-JIN**

Subscribed and solemnly declared at Kuala Lumpur, Wilayah Persekutuan on 28 June 2017.

Before me:

KAPT(B) Affandi Bin Ahmad (W678)  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

**to the Members of Computer Forms (Malaysia) Berhad (4423-H) (Incorporated in Malaysia)**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Computer Forms (Malaysia) Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and their cash flows for the 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 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Key Audit Matter – Goodwill*

Per the Group's accounting policy as stated in Note 2(c), the Group is required to test goodwill for impairment annually and at other time when such indicators exist. As explained in Note 1(d)(i), the assumptions to determine the value in use requires significant judgements.

## **INDEPENDENT AUDITORS' REPORT** **to the Members of Computer Forms (Malaysia) Berhad (4423-H) (Incorporated in Malaysia)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### **Key Audit Matters (continued)**

Our audit procedures are as follows:

We discussed with management to understand the key assumptions used to calculate the value-in-use of the cash generating units to which goodwill is allocated. We evaluated the key assumptions used with reference to historical performance and the future trends in the industry. We also assessed the potential risk for management bias. We also reviewed the disclosure of the goodwill impairment testing in Note 12. We found the disclosure adequate and there is no indication of management bias.

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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



## **INDEPENDENT AUDITORS' REPORT** **to the Members of Computer Forms (Malaysia) Berhad (4423-H) (Incorporated in Malaysia)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause of the Group and of the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## **INDEPENDENT AUDITORS' REPORT**

**to the Members of Computer Forms (Malaysia) Berhad (4423-H) (Incorporated in Malaysia)**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 11 to the financial statements.

#### **Other Reporting Responsibilities**

The supplementary information set out in Note 27 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 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.

**PCCO PLT (LLP0000506-LCA)**

No. AF 1056

Chartered Accountants

**TAN LI LEE**

No. 2965/05/19(J)

Chartered Accountant

Kuala Lumpur

Date: 28 June 2017

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017

	NOTE	2017 RM	2016 RM
REVENUE	6	46,279,814	44,134,097
COST OF SALES		(39,804,568)	(38,670,210)
GROSS PROFIT		6,475,246	5,463,887
OTHER INCOME		229,621	174,854
DISTRIBUTION COSTS		(2,139,476)	(2,212,846)
ADMINISTRATION EXPENSES		(1,641,903)	(1,559,425)
OTHER EXPENSES		(2,359,382)	(2,238,353)
FINANCE COSTS		(619,011)	(642,580)
LOSS BEFORE TAXATION	7	(54,905)	(1,014,463)
TAXATION	8	(453,354)	(144,240)
LOSS FOR THE YEAR		(508,259)	(1,158,703)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(508,259)	(1,158,703)
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		(937,669)	(1,192,865)
NON-CONTROLLING INTEREST		429,410	34,162
		(508,259)	(1,158,703)
EARNINGS PER SHARE (sen)			
- basic	9	(2.29)	(2.91)
- diluted	9	(2.29)	(2.91)

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

	NOTE	2017 RM	2016 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	33,058,965	34,886,919
Goodwill on consolidation	12	1,309,392	1,309,392
		<b>34,368,357</b>	<b>36,196,311</b>
<b>CURRENT ASSETS</b>			
Inventories	13	16,010,888	14,659,906
Trade and other receivables	14	16,293,481	14,883,859
Tax recoverable		603,239	457,522
Cash and bank balances	15	3,899,389	5,099,591
		<b>36,806,997</b>	<b>35,100,878</b>
<b>TOTAL ASSETS</b>		<b>71,175,354</b>	<b>71,297,189</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	16	41,000,000	41,000,000
Retained profits		11,082,204	12,019,873
		<b>52,082,204</b>	<b>53,019,873</b>
<b>NON-CONTROLLING INTEREST</b>		<b>2,050,025</b>	<b>1,620,615</b>
<b>TOTAL EQUITY</b>		<b>54,132,229</b>	<b>54,640,488</b>
<b>NON-CURRENT LIABILITIES</b>			
Hire purchase payables	17	643,614	963,781
Term loan	18	2,022,342	2,805,984
Deferred taxation	19	2,048,698	2,210,513
		<b>4,714,654</b>	<b>5,980,278</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	6,346,212	4,797,758
Hire purchase payables	17	476,295	454,488
Short term borrowings	21	5,336,522	5,424,177
Taxation		169,442	-
		<b>12,328,471</b>	<b>10,676,423</b>
<b>TOTAL LIABILITIES</b>		<b>17,043,125</b>	<b>16,656,701</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71,175,354</b>	<b>71,297,189</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	← Attributable to owners of the Parent →			Non- controlling interest RM	Total RM
	Share capital RM	Retained profits RM	Total RM		
Balance at 1 April 2015	41,000,000	13,212,738	54,212,738	1,586,453	55,799,191
(Loss)/Profit for the year	-	(1,192,865)	(1,192,865)	34,162	(1,158,703)
Total comprehensive (loss)/income	-	(1,192,865)	(1,192,865)	34,162	(1,158,703)
Balance at 31 March 2016	41,000,000	12,019,873	53,019,873	1,620,615	54,640,488
Balance at 1 April 2016	41,000,000	12,019,873	53,019,873	1,620,615	54,640,488
(Loss)/profit for the year	-	(937,669)	(937,669)	429,410	(508,259)
Total comprehensive (loss)/income	-	(937,669)	(937,669)	429,410	(508,259)
Balance at 31 March 2017	41,000,000	11,082,204	52,082,204	2,050,025	54,132,229

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

	NOTE	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(54,905)	(1,014,463)
Adjustments for:			
Gain on disposal of property, plant and equipment		(15,094)	(3,774)
Allowance for impairment of receivables		161,599	82,027
Allowance for impairment of receivables no longer required		(27,391)	-
Depreciation		2,217,839	2,299,869
Inventories written off		13,178	11,910
Interest expense		619,011	642,580
Interest income		(14,002)	(2,361)
Property, plant and equipment written off		12,584	-
Unrealised loss on foreign exchange		5,827	7,636
Profit before working capital changes		2,918,646	2,023,424
Working capital changes:			
Inventories		(1,364,160)	(492,833)
Trade and other receivables		(1,550,009)	(1,851,756)
Trade and other payables		1,548,806	361,065
Cash inflows from operations		1,553,283	39,900
Interest received		14,002	2,361
Interest paid		(619,011)	(642,580)
Tax paid		(592,975)	(746,648)
Tax refund		1,531	542,437
Net cash inflows/(outflows) from operating activities		356,830	(804,530)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		15,094	3,774
Placement of fixed deposit with a licensed bank		(850)	(200,789)
Purchase of property, plant and equipment	A	(225,469)	(656,546)
Net cash outflows from investing activities		(211,225)	(853,561)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of hire purchase payables		(475,360)	(473,195)
(Repayment)/drawdown of bankers acceptances		(102,000)	823,000
Drawdown of term loan		-	4,000,000
Repayment of term loan		(724,664)	(502,601)
Net cash (outflows)/inflows from financing activities		(1,302,024)	3,847,204
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,156,419)	2,189,113
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	B	2,470,518	281,405
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	B	1,314,099	2,470,518

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

# NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

## A. PROPERTY, PLANT AND EQUIPMENT

	2017 RM	2016 RM
During the year, the Group acquired property, plant and equipment by:		
Cash	225,469	656,546
Hire purchase	177,000	100,000
	402,469	756,546

## B. CASH AND CASH EQUIVALENTS

	2017 RM	2016 RM
Bank overdrafts	(2,359,129)	(2,403,762)
Cash in hand	17,002	29,998
Bank balances	3,656,226	4,844,282
	1,314,099	2,470,518

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

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017

	NOTE	2017 RM	2016 RM
REVENUE	6	12,778,470	13,254,388
COST OF SALES		(9,990,514)	(9,973,250)
GROSS PROFIT		2,787,956	3,281,138
OTHER INCOME		53,222	6,135
DISTRIBUTION COSTS		(693,728)	(725,529)
ADMINISTRATION EXPENSES		(606,769)	(534,450)
OTHER EXPENSES		(1,673,142)	(1,685,010)
FINANCE COSTS		(125,408)	(167,981)
(LOSS)/PROFIT BEFORE TAXATION	7	(257,869)	174,303
TAXATION	8	35,892	(88,124)
(LOSS)/PROFIT FOR THE YEAR		(221,977)	86,179
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(221,977)	86,179
(LOSS)/PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		(221,977)	86,179

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



# STATEMENT OF FINANCIAL POSITION

## as at 31 March 2017

	NOTE	2017 RM	2016 RM
<b>ASSETS</b>			
<b>NON – CURRENT ASSETS</b>			
Property, plant and equipment	10	800,781	845,311
Subsidiary companies	11	84,439,968	84,439,968
		85,240,749	85,285,279
<b>CURRENT ASSETS</b>			
Inventories	13	4,600,831	3,032,194
Trade and other receivables	14	16,837,947	19,506,018
Tax recoverable		330,592	187,200
Cash and bank balances	15	789,597	1,059,401
		22,558,967	23,784,813
<b>TOTAL ASSETS</b>		<b>107,799,716</b>	<b>109,070,092</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	16	41,000,000	41,000,000
Retained profits		34,496,827	34,718,804
<b>TOTAL EQUITY</b>		<b>75,496,827</b>	<b>75,718,804</b>
<b>NON - CURRENT LIABILITIES</b>			
Hire purchase payables	17	68,985	49,785
Deferred taxation	19	68,000	153,000
		136,985	202,785
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	28,967,293	30,951,175
Hire purchase payables	17	48,335	32,394
Short term borrowings	21	3,150,276	2,164,934
		32,165,904	33,148,503
<b>TOTAL LIABILITIES</b>		<b>32,302,889</b>	<b>33,351,288</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>107,799,716</b>	<b>109,070,092</b>

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

## STATEMENT OF CHANGES IN EQUITY

### for the year ended 31 March 2017

← Attributable to owners of the Parent →

	Share capital RM	Retained profits RM	Total RM
Balance at 1 April 2015	41,000,000	34,632,625	75,632,625
Profit for the year	-	86,179	86,179
Total comprehensive income	-	86,179	86,179
Balance at 31 March 2016	41,000,000	34,718,804	75,718,804
Balance at 1 April 2016	41,000,000	34,718,804	75,718,804
Loss for the year	-	(221,977)	(221,977)
Total comprehensive loss	-	(221,977)	(221,977)
Balance at 31 March 2017	41,000,000	34,496,827	75,496,827

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

## STATEMENT OF CASH FLOWS

### for the year ended 31 March 2017

	NOTE	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation		(257,869)	174,303
Adjustments for:			
Allowance for impairment of receivables		-	82,027
Reversal of allowance for impairment of receivables		(27,391)	-
Gain on disposal of property, plant and equipment		(12,264)	(3,774)
Depreciation		213,846	227,348
Interest expenses		125,408	167,981
Property, plant and equipment written off		4,383	-
Inventories written off		13,178	11,910
Interest income		(13,567)	(2,361)
Profit before working capital changes		45,724	657,434
Working capital changes:			
Inventories		(1,581,815)	(187,528)
Trade and other receivables		643,858	(658,227)
Trade and other payables		(1,717,862)	342,904
Cash (outflows)/inflows from operations		(2,610,095)	154,583
Interest received		13,567	2,361
Interest paid		(125,408)	(167,981)
Tax paid		(192,500)	(282,654)
Tax refunded		-	178,876
Net cash outflows from operating activities		(2,914,436)	(114,815)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement of fixed deposit with a licensed bank		(850)	(200,789)
Proceeds from disposal of property, plant and equipment		12,264	3,774
Repayment of advances from/(advances to) subsidiary companies		2,051,604	(202,747)
Purchase of property, plant and equipment	A	(96,699)	(315,530)
Net cash inflows/(outflows) from investing activities		1,966,319	(715,292)

## STATEMENT OF CASH FLOWS

### for the year ended 31 March 2017

	NOTE	2017 RM	2016 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of hire purchase payable (Repayment of advances to)/advances from subsidiary companies		(41,859)	(50,560)
Drawdown of bankers' acceptances		(266,020)	2,128,191
Repayment of term loan		792,000	68,000
		-	-
Net cash inflows from financing activities		484,121	2,145,631
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(463,996)	1,315,524
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	B	104,156	(1,211,368)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	B	(359,840)	104,156

#### A. PROPERTY, PLANT AND EQUIPMENT

	2017 RM	2016 RM
During the year, the Company acquired the property, plant and equipment by:		
Cash	96,699	315,530
Hire purchase	77,000	100,000
	173,699	415,530

#### B. CASH AND CASH EQUIVALENTS

	2017 RM	2016 RM
Cash in hand	5,000	5,000
Bank balances	558,436	829,090
Bank overdrafts	(923,276)	(729,934)
Total cash and cash equivalents	(359,840)	104,156

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

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2017

### 1. BASIS OF PREPARATION

Computer Forms (Malaysia) Berhad is a public listed company incorporated and domiciled in Malaysia and quoted on the Main Market of Bursa Malaysia Securities Berhad.

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

#### (a) Statement of compliance

The financial statements comply with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies adopted are consistent with those of previous financial year except as follows:

On 1 April 2016, the Group and the Company adopted the Amendments to published standards mandatory for annual financial periods beginning on or after 1 April 2016:

#### Amendments

Annual Improvements to MFRSs 2012 – 2014 Cycle as follows:

- Amendments to MFRS 7      Financial Instruments : Disclosures
- Amendments to MFRS 119      Employee Benefits
- Amendments to MFRS 134      Interim Financial Reporting

Amendments to MFRS 101 – Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 – Clarification of Acceptable methods of Depreciation and Amortisation

The adoption of the above Amendments do not have any material effect on the financial statements of the Group and the Company.

The following new MFRSs and Amendments to published standards have been issued and are relevant but are not yet effective to the Group and the Company:

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 1. BASIS OF PREPARATION (CONTINUED)

##### (a) Statement of compliance (continued)

Standards/Amendments	Effective date
Annual Improvements to MFRSs 2014 – 2016 Cycle as follows:	1 January 2017
• Amendments to MFRS 12 Disclosure of Investments in Other Entities	
Amendments to MFRS 107 – Disclosure Initiative	1 January 2017
Amendments to MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15 – Revenue from Contracts with Customers	1 January 2018
MFRS 9 – Financial Instruments (IFRS 9 as issued by IASB in July 2014) and mandatory effective date of MFRS 9	1 January 2018
MFRS 16 – Leases	1 January 2019

The initial adoption of the new MFRSs and Amendments do not have any material effect on the financial statements except for MFRS 9 and MFRS 16. Due to the complexity of these standards and their requirements, the financial effects of their adoption are still being assessed by the Group and the Company.

##### (b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia which is the Group's and the Company's presentation currency.

The Company's functional currency is Ringgit Malaysia.

##### (c) Basis of measurement

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies.

##### (d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent liabilities at the reporting date. However uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 1. BASIS OF PREPARATION (CONTINUED)

##### (d) Use of estimates and judgments (continued)

###### Key sources of estimation uncertainty

The key assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Impairment of goodwill

Goodwill is tested for impairment annually and at other time when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. The assumptions to determine the value-in-use requires the exercise of significant management judgements. Further details are disclosed in note 12.

##### (ii) Impairment of receivables

At each reporting date, on a quarterly basis, the Group and the Company assess whether there is any objective evidence that a financial asset is impaired. The Group and the Company review trade receivables' aging reports, report history and other available evidence of possible default by trade receivables. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Further details are disclosed in note 14.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of consolidation

###### (i) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

###### *Acquisitions on or after 1 April 2011*

For acquisitions on or after 1 April 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### (i) Business combinations (continued)

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

##### (ii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the influence retained.

##### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements except when an unrealised loss may indicate an impairment loss that requires recognition in the consolidated financial statements.

##### (v) Non-controlling interest

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.



## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Subsidiary companies

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights are considered when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's separate statement of financial position at cost less any impairment losses.

##### (c) Goodwill

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is allocated to cash generating units and is tested for impairment annually or more frequently if event or changes in circumstances indicate that the carrying value might be impaired. Where the recoverable amount of the cash-generating units is less than the carrying amount, an impairment is recognised in the profit or loss. Impairment losses for goodwill are not reversed in subsequent periods.

Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (d) Earning per share ("EPS")

Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

##### (e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and Company and the costs of the items can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. All other repairs and maintenance are recognised in the profit or loss as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) Property, plant and equipment (continued)

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold lands and buildings are amortised over the lease periods ranging from 12 to 86 years. Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

	%
Plant and machinery	5 – 20
Furniture, fittings, equipment and renovation	5 – 33.33
Motor vehicles	20

The residual values, useful lives and depreciation methods 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.

An item of property, plant and equipment is derecognised upon 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 net carrying amount is recognised to profit or loss.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

##### (f) Inventories

Inventories are valued at the lower of costs and net realisable values.

Cost of raw materials and consumables comprises the original cost of purchase and the costs of bringing the inventories to their present locations and conditions. The costs of work-in-progress and finished goods comprise cost of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity. Cost is determined on the “first in, first out” basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

##### (g) Foreign currencies

For each entity in the Group, transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period. Non-monetary items carried at fair values or at revalued amounts that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (h) Taxes

Tax charged on the profit or loss for the year comprises current and deferred taxes. Current year tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax liabilities and assets are provided for under the liability method in respect of temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax laws that have been enacted or substantively enacted at the reporting date.

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

##### (i) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyers.

Interest income is recognised using the effective interest method.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### (j) Impairment of assets

The carrying amounts of the Group's and Company's assets other than inventories, deferred tax assets and financial assets (except for those measured at fair value through profit or loss and investments in subsidiaries), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the profit or loss immediately. All reversals of an impairment loss are recognised as income immediately in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (k) Employee benefits

###### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company.

###### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

##### (l) Share capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

##### (m) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

##### (n) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

##### (o) Leases

###### (i) Classifications

A lease is recognised as a finance lease or hire purchase if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

###### (ii) Operating leases – the Group and the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (o) Leases (continued)

##### (iii) Operating leases – the Group as lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### (p) Fair value measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. This fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is classified as a Level 1 measurement if it is estimated using a quoted price in a active market. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of Level 1 inputs, a fair value measurement of an item is classified as a Level 2 measurement if it is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both Level 1 and Level 2 inputs, a fair value measurement of an item is classified as a Level 3 measurement if it is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions.

##### (q) Dividends

Dividends on ordinary shares are recognised as liabilities when the obligation to pay is established.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend has been appropriately authorised. The dividend payable is measured at the fair value of the assets to be distributed. At the end of the reporting date and on the settlement date, the Group and the Company review the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group and the Company settle the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Hire purchase payables

Property, plant and equipment held under hire purchase are treated as if they had been purchased at cost at the commencement of the hire purchase agreement. This cost is included under property, plant and equipment and depreciation is provided accordingly. The corresponding obligations under hire purchase are included under liabilities. The finance charge element of installments payable is charged to the profit or loss using the sum of digits method.

#### (s) Financial assets

The Group and the Company shall recognise a financial asset on their statements of financial position when the entities become parties to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group and the Company have transferred substantially all their risks and rewards of ownerships of the financial assets.

Financial assets are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit or loss.

At the time of initial recognition, financial assets are classified into the following specified categories: 'fair value through profit or loss, held-to-maturity investments, available-for-sale and loans and receivables'. The classification depends on the purpose of the financial asset.

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

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and there are recent actual pattern of short-term profit-taking;
- It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

#### (ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates and that the Group has positive intention and ability to hold to maturity.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (s) Financial assets (continued)

###### (iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

###### (iv) Available- for-sale financial assets (“AFS”)

AFS are non- derivative financial assets that are designated as available- for-sale or are not classified as loans and receivables, held-to-maturity investments or FVTPL.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

FVTPL and AFS are subsequently carried at fair value. Held-to-maturity investments and loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value from FVTPL are recognised in profit or loss.

Gains or losses arising from changes in fair value from AFS are recognised directly in equity.

Gains or losses from financial assets carried at amortised costs are recognised through profit or loss.

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets are impaired.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. The carrying amount of the asset shall be reduced directly through use of an allowance account. The amount of the loss is recognised in profit or loss. If there is reversal of previously recognised impairment loss, it is reversed either directly or by adjusting an allowance account. The reversal shall not result in the carrying amount of the financial assets exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment loss is reversed. The amount of reversal is recognised in profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increase in their fair value after impairments are recognised directly in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Financial assets (continued)

For unquoted equity instruments carried at cost, if there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (t) Financial liabilities

The Group and the Company shall recognise a financial liability on their statements of financial position when the entities become parties to the contractual provisions of the instruments.

Financial liabilities are derecognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term;
- Part of a portfolio of identified financial instruments that are managed together and there are recent actual pattern of short-term profit-taking;
- It is a derivative (except for financial guarantee contract or a designated and effective hedging instrument).

#### (ii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as financial liabilities at FVTPL.

Other financial liabilities are initially recognised at fair value plus transactions costs. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit or loss.

Other financial liabilities are subsequently carried at amortised cost using the effective interest method. Financial liabilities at FVTPL are measured at fair value except for derivatives liability that are linked to and must be settled by delivery of such unquoted equity instruments whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in fair value from financial liabilities classified at FVTPL are recognised in profit or loss.

Gains or losses from other financial liabilities carried at amortised costs are recognised through profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Derivative financial instruments

Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at their fair value at the end of each reporting period. The method of recognising gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

An embedded derivative shall be separated from the host contract and accounted for as a separate derivative if:

- (i) the risks and characteristics of the embedded derivative are not closely related to the economic characteristics and risks of the host contracts;
- (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's and the Company's operating, investing and financing activities expose the Group and the Company to foreign exchange risk, interest rate risk, credit risk, and liquidity risk. The Group's and the Company's overall risk management programme is to focus on minimising the potential adverse effects on the Group's and the Company's financial performance.

#### (a) Market risk

##### (i) Foreign currency risk management

The Group is exposed to foreign exchange risk primarily arising from US Dollar (USD).

During the year, there is no formal hedging policy with respect to foreign exchange risk exposure. The Group monitors its foreign exchange risk exposure on an on-going basis and endeavour to keep the net exposure at an acceptable level.

As at the reporting date, the Group's result is not materially affected by the movement in the exchange rates of foreign currencies.

##### (ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings with licensed banks.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

#### (a) Market risk (continued)

##### (ii) Interest rate risk management (continued)

The Group's and the Company's interest rate risk management objective is to manage the interest expenses consistent with maintaining an acceptance level of exposure to interest rate fluctuations.

As at the reporting date, the Group's and Company's results are not materially affected by the movement in interest rate for borrowings.

The Group's and the Company's exposure to interest rate risk is minimum because their interest bearing fixed deposits are at fixed rate. Thus any change to the interest rate have immaterial effect to the profit and equity.

#### (b) Credit risk management

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only major banks are accepted. For customer, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are set and approved by authorised personnel and credit limits are regularly monitored.

As at the reporting date, the Group has no significant concentration of credit risk.

As at the reporting date, approximately 84% (2016: 77%) of the Company's receivables were due from a subsidiary company.

#### (c) Liquidity risk management

The Group and the Company adopt a prudent liquidity risk management to manage their exposure to liquidity risk. i.e. a balance between continuity of funding and flexibility through the use of available credit facilities granted by various banks.

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES (CONTINUED)

##### (c) Liquidity risk management (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Within 1 year RM	2 to 5 years RM	Total RM
<b>GROUP</b>			
<b>As at 31 March 2017</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	6,346,212	-	6,346,212
Short term borrowings	4,586,129	-	4,586,129
Term loan	941,436	2,222,121	3,163,557
Hire purchase payables	538,979	675,128	1,214,107
Guarantees	441,758	-	441,758
<hr/>			
<b>As at 31 March 2016</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	4,797,758	-	4,797,758
Short term borrowings	4,732,762	-	4,732,762
Term loan	941,436	3,206,995	4,148,431
Hire purchase payables	538,023	1,027,756	1,565,779
Guarantees	440,258	-	440,258
<hr/>			
<b>COMPANY</b>			
<b>As at 31 March 2017</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	28,967,293	-	28,967,293
Short term borrowings	3,150,276	-	3,150,276
Hire purchase payables	55,176	76,444	131,620
Guarantees	7,179,258	-	7,179,258
<hr/>			
<b>As at 31 March 2016</b>			
<b>Non-derivative financial liabilities</b>			
Trade and other payables	30,951,175	-	30,951,175
Short term borrowings	2,164,934	-	2,164,934
Hire purchase payables	36,840	52,190	89,030
Guarantees	7,619,008	-	7,619,008
<hr/>			

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 4. CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that the Group and the Company will be able to continue as going concerns in order to provide return to shareholders and to maintain optimal capital structure to reduce the cost of capital.

In order to maintain capital structure, the Group and the Company may adjust the amount of dividend paid or issue new shares.

Ordinary share capital and retained earnings are considered as Capital of the Group and the Company.

The Group and the Company are not subject to any externally imposed capital requirements.

#### 5. FINANCIAL INSTRUMENTS BY CATEGORIES AND ITS FAIR VALUE ESTIMATION

	2017 RM	2016 RM
<b>GROUP</b>		
<b>Financial assets</b>		
Loans and receivables		
- Trade and other receivables excluding prepayments and certain deposit	15,603,558	14,526,331
- Cash and bank balances	3,899,389	5,099,591
<b>Financial liabilities</b>		
Other financial liabilities		
- Trade and other payables	6,346,212	4,797,758
- Short term borrowings (excluding term loan)	4,586,129	4,732,762
- Term loan	2,772,735	3,497,399
<b>COMPANY</b>		
<b>Financial assets</b>		
Loans and receivables		
- Trade and other receivables excluding prepayments	16,610,086	19,404,054
- Cash and bank balances	789,597	1,059,401
<b>Financial liabilities</b>		
Other financial liabilities		
- Trade and other payables	28,967,293	30,951,175
- Short term borrowings	3,150,276	2,164,934

Financial assets and financial liabilities are not carried at fair value but their carrying amounts are reasonable approximation of their fair value due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

#### 6. REVENUE

Revenue of the Group and Company comprises the invoiced value of goods sold net of returns and discounts.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 7. (LOSS)/PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>(Loss)/profit before taxation is stated after charging and (crediting):</b>				
Allowance for impairment of receivables	161,599	82,027	-	82,027
Auditors' remunerations:				
Company's auditors:				
current year	89,000	86,604	44,500	43,500
overprovision in prior year	(4)	-	-	-
Other auditors	19,950	19,000	-	-
Cost of inventories charged to expenses	39,250,835	38,261,168	9,990,514	9,973,250
Depreciation	2,217,839	2,299,869	213,846	227,348
Directors' remuneration:				
fees	162,000	162,000	144,000	144,000
other emoluments*	947,099	932,681	947,099	932,681
benefit in kind	23,950	23,950	-	-
Interest expenses:				
hire purchase	86,780	111,353	7,220	4,290
bank overdrafts	180,002	162,099	37,202	96,107
term loan	196,481	222,930	-	(837)
bankers' acceptances	155,748	146,198	80,986	68,421
Inventories written off	13,178	11,910	13,178	11,910
Property, plant and equipment written off	12,584	-	4,383	-
Operating lease expenses:				
rental of premises/hostel**	61,500	59,600	23,040	23,040
rental of office equipment**/+	22,200	20,373	12,845	12,045
rental of machinery+	495,475	548,286	495,475	548,286
rental of factory**	-	-	580,320	603,360
Reversal of allowance for impairment of receivables	(27,391)	-	(27,391)	-
Gain on disposal of property, plant and equipment	(15,094)	(3,774)	(12,264)	(3,774)
Interest income from bank	(435)	-	-	-
Interest income from fixed deposits	(13,567)	(2,361)	(13,567)	(2,361)
Realised (gain)/loss on foreign exchange	(74,038)	(66,593)	1,063	4,657
Unrealised loss on foreign exchange	5,827	7,636	-	-
Operating lease rental income from buildings#	(92,272)	(97,272)	-	-
Staff cost*	10,490,766	10,781,977	3,710,514	3,737,147

\* Included in staff costs and directors' other emoluments of the Group and of the Company are amounts of RM1,148,316 and RM548,388 (2016: RM1,173,997 and RM562,223) respectively contributed to the Employees Provident Fund.

\*\* Included in these operating lease expenses are cancellable operating leases whereby no notice to 3 months' termination notice is required for termination of these agreements.

+ Included in these operating lease expenses are non-cancellable operating leases and the lease commitments are disclosed in note 25.

# This is a cancellable operating lease where the tenant needs to give one month notice for terminate of this agreement.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 8. TAXATION

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
(a) Current Malaysian taxation	550,825	163,658	-	54,000
Deferred taxation (Note 19)	(161,815)	11,856	(85,000)	33,000
	389,010	175,514	(85,000)	87,000
Under/(over)provision of taxation in prior year	64,344	(31,274)	49,108	1,124
	453,354	144,240	(35,892)	88,124

There is no provision for taxation for the current year as there is no chargeable income for this year under review.

(b) Reconciliation of tax expense and accounting (loss)/profit:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Accounting (loss)/profit	(54,905)	(1,014,463)	(257,869)	174,303
Tax at the applicable tax rate	(13,178)	(243,472)	(61,889)	41,833
Tax effect of expenses that are not deductible in determining taxable profit	417,351	328,904	17,876	52,222
Tax effect of income that are not included in determining taxable profit	(3,108)	-	(3,108)	-
Under/(over)provision of deferred tax liabilities in prior year	11,173	113,310	(37,879)	(7,055)
Realisation of deferred tax on revaluation of leasehold land and building	(23,228)	(23,228)	-	-
Current tax expense	389,010	175,514	(85,000)	87,000

The corporate tax rate for current year is at 24% (2016: 24%). In the following year, the corporate tax rate will be at 24% or less subject to fulfilling certain criteria. Consequently deferred tax liabilities and assets in note 19 are measured using this tax rate.

(c) The Company is able to distribute dividends from all its retained profits as at year-end.

(d) The Company has unabsorbed capital allowances and unutilised tax losses of approximately RM157,950 (2015: RM Nil) available for set-off against future taxable income.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2017**

#### **9. EARNINGS PER SHARE**

##### **a) Basic earnings per share**

The basic earnings per share is calculated based on the consolidated loss for the year attributable to owners of the parent of RM937,669 (2016: RM1,192,865) and the weighted average of 41,000,000 (2016: 41,000,000) ordinary shares issued and paid up during the financial year.

##### **b) Diluted earnings per share**

The fully diluted earnings per share is calculated based on the consolidated loss for the year attributable to owners of the parent of RM937,669 (2016: RM1,192,865) and the weighted average of 41,000,000 (2015: 41,000,000) ordinary shares issued and paid up during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 10. PROPERTY, PLANT AND EQUIPMENT

GROUP 2017 At cost	Long term	Long term	Short term	Short term	Motor	Furniture, fittings, equipment and renovations	Plant and machinery	Total
	leasehold lands RM	leasehold buildings RM	leasehold lands RM	leasehold buildings RM	vehicles RM	RM	RM	RM
At 1 April 2016	18,800,000	10,368,000	1,150,000	3,200,000	1,299,318	5,804,225	49,404,567	90,026,110
Additions	-	-	-	-	198,080	138,010	66,379	402,469
Disposals	-	-	-	-	(181,044)	-	-	(181,044)
Written off	-	-	-	-	-	(475,079)	(5,141,469)	(5,616,548)
At 31 March 2017	18,800,000	10,368,000	1,150,000	3,200,000	1,316,354	5,467,156	44,329,477	84,630,987
<b>Accumulated depreciation</b>								
At 1 April 2016	1,747,583	957,427	534,640	1,469,082	1,048,994	4,625,035	44,756,430	55,139,191
Charge for the year	218,604	120,558	66,830	184,968	198,449	339,111	1,089,319	2,217,839
Disposals	-	-	-	-	(181,044)	-	-	(181,044)
Written off	-	-	-	-	-	(472,065)	(5,131,899)	(5,603,964)
At 31 March 2017	1,966,187	1,077,985	601,470	1,654,050	1,066,399	4,492,081	40,713,850	51,572,022
<b>Net book value</b>								
At 31 March 2017	16,833,813	9,290,015	548,530	1,545,950	249,955	975,075	3,615,627	33,058,965



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP 2016 At cost	Long term leasehold lands		Short term leasehold lands		Short term leasehold buildings		Motor vehicles		Furniture, fittings, equipment and renovations		Plant and machinery	Total RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM		
At 1 April 2015	18,800,000	10,368,000	1,150,000	3,200,000	1,215,818	5,262,244	50,045,005	90,041,067				
Additions	-	-	-	-	117,000	543,081	96,465	756,546				
Disposals	-	-	-	-	(33,500)	-	-	(33,500)				
Written off	-	-	-	-	-	(1,100)	(736,903)	(738,003)				
At 31 March 2016	18,800,000	10,368,000	1,150,000	3,200,000	1,299,318	5,804,225	49,404,567	90,026,110				
<b>Accumulated depreciation</b>												
At 1 April 2015	1,528,978	836,869	467,810	1,284,114	923,661	4,276,506	44,292,887	53,610,825				
Charge for the year	218,605	120,558	66,830	184,968	158,833	349,629	1,200,446	2,299,869				
Disposals	-	-	-	-	(33,500)	-	-	(33,500)				
Written off	-	-	-	-	-	(1,100)	(736,903)	(738,003)				
At 31 March 2016	1,747,583	957,427	534,640	1,469,082	1,048,994	4,625,035	44,756,430	55,139,191				
<b>Net book value</b>												
At 31 March 2016	17,052,417	9,410,573	615,360	1,730,918	250,324	1,179,190	4,648,137	34,886,919				

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and machinery RM	Furniture, fittings, equipment and renovations RM	Motor vehicles RM	Total RM
<b>COMPANY</b>				
<b>2017</b>				
<b>At cost</b>				
At 1 April 2016	20,805,305	1,573,178	414,381	22,792,864
Additions	39,100	48,809	85,790	173,699
Written off	(940,348)	(249,169)	-	(1,189,517)
Disposal	-	-	(106,450)	(106,450)
At 31 March 2017	19,904,057	1,372,818	393,721	21,670,596
<b>Accumulated depreciation</b>				
At 1 April 2016	20,418,082	1,224,512	304,959	21,947,553
Charge for the year	87,585	69,881	56,380	213,846
Written off	(936,748)	(248,386)	-	(1,185,134)
Disposal	-	-	(106,450)	(106,450)
At 31 March 2017	19,568,919	1,046,007	254,889	20,869,815
<b>Net book value</b>				
At 31 March 2017	335,138	326,811	138,832	800,781
<b>COMPANY</b>				
<b>2016</b>				
<b>At cost</b>				
At 1 April 2015	20,802,305	1,278,748	330,881	22,411,934
Additions	3,000	295,530	117,000	415,530
Written off	-	(1,100)	-	(1,100)
Disposal	-	-	(33,500)	(33,500)
At 31 March 2016	20,805,305	1,573,178	414,381	22,792,864
<b>Accumulated depreciation</b>				
At 1 April 2015	20,309,073	1,146,495	299,237	21,754,805
Charge for the year	109,009	79,117	39,222	227,348
Written off	-	(1,100)	-	(1,100)
Disposal	-	-	(33,500)	(33,500)
At 31 March 2016	20,418,082	1,224,512	304,959	21,947,553
<b>Net book value</b>				
At 31 March 2016	387,223	348,666	109,422	845,311

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	GROUP		COMPANY	
	Net book value		Net book value	
	2017	2016	2017	2016
	RM	RM	RM	RM
Certain property, plant and equipment have been pledged with the licensed banks for facilities granted as disclosed in Note 18, 21 and 24	19,524,313	19,941,177	-	-
Property, plant and equipment acquired under hire purchase contracts	2,239,563	2,492,447	138,832	93,600

#### 11. SUBSIDIARY COMPANIES

	COMPANY	
	2017	2016
	RM	RM
Shares in unquoted corporations at cost	84,439,968	84,439,968

The subsidiary companies which were incorporated in Malaysia are:

Name of company	Principal activities	Percentage of no of shares held by the Company	
		2017	2016
Compu-Aids (M) Sdn. Bhd.	Dormant company.	100%	100%
*CFM Toppan Forms (M) Sdn. Bhd.	Manufacturing of forms and provision of data or information management, digital printing, enveloping or sealing forms and mailing services.	56%	56%
CFM Printing & Stationery Sdn. Bhd.	Printing and supplying of exercise books and magazines.	100%	100%
Contipak Noron Sendirian Berhad	Printing and supplying of flexible packaging.	100%	100%
Chip Seng Trading (Holdings) Sdn. Bhd. and its subsidiary companies:	Investment holding company.	100%	100%
Aktif Samudera Sdn. Bhd.	Dormant company.	100%	100%
CFM Development Sdn. Bhd. (formerly known as Malaysia Machinery Manufacturers Sdn. Bhd.)	Investment holding company.	100%	100%
CFM Magnetic Ticket Sdn. Bhd.	Dormant company.	100%	100%

\* - Not audited by PCCO PLT.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 12. GOODWILL ON CONSOLIDATION

	GROUP	
	2017 RM	2016 RM
At 1 April and 31 March	1,309,392	1,309,392

#### Impairment testing for goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the Group's operating division which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill is allocated to the manufacturing units in CFM Printing & Stationery Sdn. Bhd. and Contipak Noron Sdn. Bhd.

The recoverable amount for the above is determined based on value in use calculated by discounting the future cash flows expected to be generated from the continuing use of those units and is based on the following key assumptions:

- i) Cash flows are projected based on a five years' business plan approved by the Board of Directors.
- ii) Revenue is projected at growth rates ranging from 1.5% to 7% (2016: 1.5% to 5%).
- iii) Expenses are projected at annual increase ranging from 1% to 10% (2016: 1% to 10%).
- iv) A pre-tax discount rate of 8% (2016: 8%) which is the existing rate of borrowings of the Group.

The values assigned to the key assumptions represent management's assessment of future trends in the industry. A reasonably possible change in a key assumption would not have any significant difference to the recoverable amount.

#### 13. INVENTORIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>At lower of cost and net realisable values:</b>				
Raw materials and consumables	10,125,553	9,105,007	2,990,421	2,130,733
Raw materials-in-transit	652,621	486,819	508,194	69,632
	10,778,174	9,591,826	3,498,615	2,200,365
Work-in-progress	3,965,154	4,012,668	704,916	625,864
Finished goods	1,267,560	1,055,412	397,300	205,965
	16,010,888	14,659,906	4,600,831	3,032,194

Inventories are written down based on the experience and judgment of the management team on the basis that they reflect expected selling prices for such inventories. Obsolete inventories are written off.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	15,197,071	14,334,777	2,574,924	2,981,779
Allowance for impairment	(383,103)	(248,895)	(78,061)	(105,452)
	14,813,968	14,085,882	2,496,863	2,876,327
Other receivables	96,920	171,252	10,070	11,910
Deposits	734,500	269,197	691,078	308,354
Prepayments	648,093	357,528	227,861	101,964
	1,479,513	797,977	929,009	422,228
Amounts due from subsidiary companies				
- trade accounts	-	-	61,375	805,159
- current accounts	-	-	13,350,700	15,402,304
	16,293,481	14,883,859	16,837,947	19,506,018

#### Trade receivables

Trade receivables and trade amounts due from subsidiary companies are non-interest bearing and are generally on 30 to 120 days (2016: 30 to 120 days) credit terms.

Trade receivables are considered as past due when the aging of their invoices exceed 90 days.

Ageing analysis of trade receivables:

	GROUP	
	2017 RM	2016 RM
Neither past due nor impaired	7,789,123	8,886,699
1 to 30 days past due not impaired	2,829,761	1,969,911
31 to 60 days past due not impaired	1,876,068	2,016,175
61 to 90 days past due not impaired	2,105,239	685,135
More than 90 days past due not impaired	213,777	527,962
	14,813,968	14,085,882
Impaired	383,103	248,895
	15,197,071	14,334,777

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables:

	COMPANY	
	2017 RM	2016 RM
Neither past due nor impaired	1,879,059	2,006,473
1 to 30 days past due not impaired	320,759	335,194
31 to 60 days past due not impaired	18,799	187,312
61 to 90 days past due not impaired	85,376	50,180
More than 90 days past due not impaired	192,870	297,168
	<hr/>	<hr/>
	2,496,863	2,876,327
Impaired	78,061	105,452
	<hr/>	<hr/>
	2,574,924	2,981,779
	<hr/> <hr/>	<hr/> <hr/>

Ageing analysis of trade amounts due from subsidiary company:

	COMPANY	
	2017 RM	2016 RM
Neither past due nor impaired	61,375	200,416
1 to 30 days past due not impaired	-	47,495
31 to 60 days past due not impaired	-	57,685
61 to 90 days past due not impaired	-	499,563
	<hr/>	<hr/>
	61,375	805,159
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group and the Company and losses have occurred infrequently.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	Individually impaired			
	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>At cost</b>				
Trade receivables - nominal amounts	383,103	248,895	78,061	105,452
Allowance for impairment	(383,103)	(248,895)	(78,061)	(105,452)
	-	-	-	-

Movement in allowance for impairment:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>At cost</b>				
At 1 April	248,895	166,868	105,452	23,425
Charge for the year	161,599	82,027	-	82,027
Reversal of impairment	(27,391)	-	(27,391)	-
At 31 March	383,103	248,895	78,061	105,452

Trade receivables that are individually impaired at the reporting date relate to those that are in significant financial difficulties and have defaulted on payments.

The currency exposure profile of trade receivables is as follows:

	GROUP RM	COMPANY RM
<b>2017</b>		
Ringgit Malaysia	13,892,465	2,574,924
US Dollar	1,304,606	-
	15,197,071	2,574,924
<b>2016</b>		
Ringgit Malaysia	13,801,042	2,981,779
US Dollar	533,735	-
	14,334,777	2,981,779

Other receivables are non-interest bearing and range from repayable upon demand or on 30 days terms for current and prior years.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of other receivables:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	64,101	148,591	10,070	11,910
1 to 30 days past due not impaired	11,126	11,485	-	-
31 to 60 days past due not impaired	10,871	11,172	-	-
61 to 90 days past due not impaired	10,818	-	-	-
More than 90 days past due not impaired	4	4	-	-
	<u>96,920</u>	<u>171,252</u>	<u>10,070</u>	<u>11,910</u>

As at the reporting date, no deposits were past due nor impaired.

Current amounts due from subsidiary companies are non-interest bearing and repayable upon demand. No amounts due from subsidiary companies were past due nor impaired.

#### 15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash in hand	17,002	29,998	5,000	5,000
Bank balances	3,656,226	4,844,282	558,436	829,090
Fixed deposits with licensed banks	226,161	225,311	226,161	225,311
	<u>3,899,389</u>	<u>5,099,591</u>	<u>789,597</u>	<u>1,059,401</u>

The Group's and Company's fixed deposit amounting to RM226,161 (2016: RM225,311) is pledged with a licensed bank to secure bank guarantees given to third party as disclosed in note 24.

The currency exposure profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	3,692,480	4,311,661	789,597	1,059,401
US Dollar	206,909	787,930	-	-
	<u>3,899,389</u>	<u>5,099,591</u>	<u>789,597</u>	<u>1,059,401</u>

As at the reporting date, deposits are neither past due nor impaired and are placed with or entered into with reputable licensed banks.

Fixed deposits are made for periods of twelve months for the Group and Company and earn interests at respective short term deposit rates.



## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 16. SHARE CAPITAL

	2017		2016	
	No. of Shares	RM	No. of Shares	RM
<b>Ordinary shares</b>				
Issued and fully paid up	41,000,000	41,000,000	41,000,000	41,000,000

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company.

All ordinary shares carry one vote each without restrictions and rank equally with regard to the distribution of the Company's residual assets.

#### 17. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Minimum lease payments:				
Within one year	538,979	538,023	55,176	36,840
Two to five years	675,128	1,027,756	76,444	52,190
	1,214,107	1,565,779	131,620	89,030
Less: Future finance charges	(94,198)	(147,510)	(14,300)	(6,851)
Present value	1,119,909	1,418,269	117,320	82,179
Repayments due:				
Within one year	476,295	454,488	48,335	32,394
Two to five years	643,614	963,781	68,985	49,785
	1,119,909	1,418,269	117,320	82,179
Effective interest rate	3.30% - 5.20%	3.30% - 5.11%	4.25% - 5.20%	4.25%

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

### 18. TERM LOAN

	GROUP	
	2017 RM	2016 RM
<b>Secured</b>		
Term loan at 1% above the bank's base lending rate repayable by 60 monthly installment of RM78,453 each	2,772,735	3,497,399
Repayments due:		
Within one year (Note 21)	750,393	691,415
Two to five years	2,022,342	2,805,984
	<u>2,772,735</u>	<u>3,497,399</u>

The term loan is secured as follows:

- i) first party open charge over the leasehold property of a subsidiary company;
- ii) letter of undertaking from the Company; and
- iii) facilities agreement.

### 19. DEFERRED TAXATION

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 April	2,210,513	2,198,657	153,000	120,000
Deferred tax expense arising from and reversal of temporary differences	(172,988)	(101,454)	(47,121)	40,055
Under/(over)provision of deferred tax liabilities in prior year	11,173	113,310	(37,879)	(7,055)
Transferred (to)/from profit or loss (Note 8)	(161,815)	11,856	85,000	33,000
At 31 March	<u>2,048,698</u>	<u>2,210,513</u>	<u>68,000</u>	<u>153,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 19. DEFERRED TAXATION (CONTINUED)

The components of deferred tax liabilities and assets that are recognised during the financial year are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax liabilities:				
- Capital allowances in excess of depreciation	538,959	592,793	70,060	153,000
- Revaluation surplus of leasehold building	1,765,808	1,789,036	-	-
- Unrealised gain on foreign exchange	968	155	-	-
Deferred tax assets:				
- Unused tax losses	(257,037)	(69,974)	(2,060)	-
- Reinvestment allowances	-	(99,510)	-	-
- Unrealised loss on foreign exchange	-	(1,987)	-	-
	2,048,698	2,210,513	68,000	153,000

The amount of deferred tax assets that is not recognised in the statement of financial position is as follows:

	GROUP	
	2017 RM	2016 RM
Unused tax losses	50,825	50,825

#### 20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	4,478,283	3,271,072	691,765	603,227
Other payables and accruals	1,867,929	1,526,686	260,345	398,693
Amounts due to subsidiary companies				
- trade accounts	-	-	94,640	1,762,692
- current accounts	-	-	27,920,543	28,186,563
	6,346,212	4,797,758	28,967,293	30,951,175

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 20. TRADE AND OTHER PAYABLES (CONTINUED)

The currency exposure profile is as follows:

	GROUP		COMPANY	
	Trade payables RM	Trade payables RM	Trade payables RM	Amount due to subsidiary companies – trade accounts RM
<b>2017</b>				
Ringgit Malaysia	4,297,948	691,765		94,640
Singapore Dollar	29,162	-		-
US Dollar	151,173	-		-
	<b>4,478,283</b>	<b>691,765</b>		<b>94,640</b>
<b>2016</b>				
Ringgit Malaysia	3,053,850	603,227		1,762,692
Singapore Dollar	32,900	-		-
US Dollar	184,322	-		-
	<b>3,271,072</b>	<b>603,227</b>		<b>1,762,692</b>

Trade payables, other payables and trade amounts due to subsidiary companies are non-interest bearing and are normally settled on 30 to 120 days terms or repayable on demand for current and prior year.

The currency exposure profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	1,615,572	1,274,329	260,345	398,693
Singapore Dollar	252,357	252,357	-	-
	<b>1,867,929</b>	<b>1,526,686</b>	<b>260,345</b>	<b>398,693</b>

The current accounts due to subsidiary companies are non-interest bearing and repayable upon demand.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 21. BORROWINGS

##### SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Bank overdrafts	2,359,129	2,403,762	923,276	729,934
Bankers' acceptances	2,227,000	2,329,000	2,227,000	1,435,000
	4,586,129	4,732,762	3,150,276	2,164,934
Term loan (Note 18)	750,393	691,415	-	-
	5,336,522	5,424,177	3,150,276	2,164,934

The bank overdraft and bankers' acceptances are secured as follows:

- a negative pledge against the assets of the Company;
- a fixed and floating charge over certain subsidiary companies' assets;
- a deed of assignment and fixed charge over certain subsidiary companies' leasehold properties;
- all monies debenture over certain subsidiary companies' fixed and floating assets;
- letter of undertaking from the Company; and
- corporate guarantee from the Company.

Interest for bank overdrafts are charged at between 0% to 1.75% per annum above banks' base lending rate for current and prior year.

Interest for bankers' acceptances are charged at between 3.22% to 4.35% per annum (2016: 3.22% to 3.66%).

#### 22. SIGNIFICANT RELATED PARTY TRANSACTIONS

	COMPANY	
	2017 RM	2016 RM
Subsidiary companies:		
Sales of finished goods	(772,728)	(886,650)
Purchases of raw materials	228,855	311,391
Postage	998,839	1,488,343
Rental of premises	603,360	603,360

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 23. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employees' benefits	1,133,049	1,118,631	1,091,099	1,076,681

During the financial year, there were no other key management personnel apart from all the Directors having authority and responsibility for planning, directing and controlling the financial and operating policy activities of the Group and of the Company either directly or indirectly.

#### 24. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Secured</b>				
Bank guarantees given to third parties	441,758	440,258	169,008	169,008
<b>Unsecured</b>				
Corporate guarantees given to licensed bank for facilities granted to subsidiary companies	-	-	6,950,250	7,390,000
Corporate guarantees given to subsidiary's supplier for credit limit granted to subsidiary company	-	-	60,000	60,000
	441,758	440,258	7,179,258	7,619,008

The bank guarantees are secured as follows:

- i) a negative pledge against the assets of the Company;
- ii) a fixed and floating charge over certain subsidiary companies' assets;
- iii) a deed of assignment and fixed charge over certain subsidiary companies' leasehold properties;
- iv) all monies debenture over certain subsidiary companies' fixed and floating assets;
- v) letter of undertaking from the Company;
- vi) corporate guarantee from the Company;
- vii) letter of undertaking to upstamp debenture from certain subsidiary companies; and
- viii) pledge of fixed deposit amounting to RM226,161 (2016: RM225,311).

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 25. LEASE COMMITMENTS

The future minimum lease payments payable under non cancellable operating leases for rental of machinery and office equipment are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Within one year	23,313	181,380	12,045	174,120
Between two to five years	14,601	532,804	7,332	531,154
	<u>37,914</u>	<u>714,184</u>	<u>19,377</u>	<u>705,274</u>

#### 26. SEGMENT REPORTING

##### (a) Business Segments:

The Group comprises the following main business segments:

- (i) Business forms and data print services;
- (ii) Commercial printing;
- (iii) Flexible packaging; and
- (iv) Business of property management.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 26. SEGMENT REPORTING (CONTINUED)

	Business Forms and Data Print Services		Commercial Printing		Flexible Packaging		Business Property Management		Adjustments/eliminations		Notes		Consolidated	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
<b>Business segments</b>														
Revenue:														
External customers	21,419,790	18,610,286	7,527,770	8,428,937	17,332,254	17,094,874	-	-	-	-	-	-	46,279,814	44,134,097
Inter-segment	57,134	17,479	200,805	198,781	114,310	95,929	1,439,820	1,439,820	(1,812,069)	(1,752,009)	A	-	-	-
Total revenue	21,476,924	18,627,765	7,728,575	8,627,718	17,446,564	17,190,803	1,439,820	1,439,820	(1,812,069)	(1,752,009)		46,279,814	44,134,097	
<b>Results</b>														
Interest income	(13,567)	(2,361)	-	-	(435)	-	-	-	-	-	-	(14,002)	(2,361)	
Interest expense	128,116	171,791	88,974	91,894	401,921	378,895	-	-	-	-	-	619,011	642,580	
Depreciation	427,694	491,591	574,469	553,334	719,397	758,665	848,202	848,202	(351,923)	(351,923)		2,217,839	2,299,869	
Material non-cash expenses/(income)	(14,213)	93,937	161,599	-	-	375	-	-	-	-	B	147,386	93,937	
Segment profit/(loss)	753,954	163,821	(1,102,324)	(624,040)	(190,106)	(603,232)	(251,472)	(326,073)	281,689	230,821	C	(508,259)	(1,158,703)	
Total assets	115,058,363	115,745,175	21,013,816	23,597,058	61,094,433	63,836,120	65,838,414	67,199,578	(191,829,672)	(199,080,742)	D	71,175,354	71,297,189	
<b>Assets</b>														
Additions to non-current assets														
– property, plant and equipment	243,061	512,792	129,991	89,963	29,417	153,791	-	-	-	-		402,469	756,546	



## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 26. SEGMENT REPORTING (CONTINUED)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A) Inter-segment transactions are eliminated on consolidation.

B) Other material non-cash expenses/(income) consist of the following items:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Allowance for impairment of receivables	161,599	82,027
Allowance for impairment of receivables no longer required	(27,391)	-
Inventories written off	13,178	11,910
	147,386	93,937
	147,386	93,937

C) Reconciliation of total reportable segments' profits to the Group's profit/(loss) for the year:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Result of non-reportable segment	(18,253)	(19,122)
Inter-segment elimination	299,942	249,943
	281,689	230,821
	281,689	230,821

D) Reconciling items of total reportable segments' to the Group's assets:

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
Investment in subsidiaries	(83,319,968)	(83,319,968)
Non-reportable segments' total	45,878,750	46,439,126
Inter-segment balance	(154,388,454)	(162,199,900)
	(191,829,672)	(199,080,742)
	(191,829,672)	(199,080,742)

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 26. SEGMENT REPORTING (CONTINUED)

##### Geographical information

	GROUP	
	2017 RM	2016 RM
The Group's revenue from external customers by location of customers:		
Malaysia	41,594,308	39,068,669
Indonesia	4,495,979	4,875,805
Other	189,527	189,623
	<u>46,279,814</u>	<u>44,134,097</u>

The Group's non-current assets are located in Malaysia.

##### Information about major customers

Revenue from a major customer amounting to RM4,495,979 (2016: RM4,875,805) arose from the flexible packaging segment.

#### 27. SUPPLEMENTARY INFORMATION

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the company and its subsidiaries:				
Realised	122,006,410	122,944,074	34,564,827	34,871,804
Unrealised	(2,054,525)	(2,218,149)	(68,000)	(153,000)
	119,951,885	120,725,925	34,496,827	34,718,804
Less: Consolidation adjustments	(108,869,681)	(108,706,052)	-	-
Total retained profits as per financial statements	<u>11,082,204</u>	<u>12,019,873</u>	<u>34,496,827</u>	<u>34,718,804</u>

This supplementary information is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

# ANALYSIS OF SHAREHOLDINGS

## as at 30 June 2017

### A. SHARE CAPITAL

Total Number of Issued Shares : 41,000,000 Ordinary Shares  
 Voting Rights : One vote for each ordinary share held

### B. DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Shareholders	No. of Shares	% of Shareholdings
Less than 100	28	1,079	0.00
100 - 1,000	77	56,433	0.14
1,001 - 10,000	674	2,589,588	6.32
10,001 - 100,000	107	2,924,500	7.13
100,001 - less than 5% of issued shares	19	23,610,200	57.59
5% and above of issued shares	1	11,818,200	28.82
	<b>906</b>	<b>41,000,000</b>	<b>100.00</b>

### C. SUBSTANTIAL SHAREHOLDER

Name of Shareholder	Direct Interest	
	No. of Shares	% of Shareholdings
Tan Sri Dato' Tan Hua Choon	11,818,200	28.82

### D. DIRECTOR'S INTEREST IN SHARES

None of the Directors who held office at the end of the financial year had any interest in the shares of the Company.

## ANALYSIS OF SHAREHOLDINGS

as at 30 June 2017

### E. THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shareholdings
1. Tan Sri Dato' Tan Hua Choon	11,818,200	28.82
2. Chew Huat Heng	2,012,800	4.91
3. Lee Pui Inn	2,000,000	4.88
4. Chew Boon Seng	1,999,000	4.88
5. Ong Har Hong	1,998,000	4.87
6. Lim Siew Sooi	1,991,100	4.86
7. Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Eng Huat	1,954,900	4.77
8. Ong Poh Lin	1,945,000	4.74
9. Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for How Yoke Kam	1,936,400	4.72
10. Gan Lock Yong @ Gan Choon Hur	1,936,000	4.72
11. Neoh Poh Lan	1,924,300	4.69
12. Tan Ban Aik	1,328,900	3.24
13. Ong Wee Lieh	1,190,000	2.90
14. Kong See Kuan	375,000	0.91
15. Tan Siew Yeong	227,500	0.55
16. Wong Chee Choon	205,700	0.50
17. Tan Eng @ Tan Chin Eng	167,500	0.41
18. Tan Seng Teong Sdn Bhd	155,600	0.38
19. Haliza Binti Abdullah	137,500	0.34
20. AMSEC Nominees (Asing) Sdn Bhd - KGI Securities (Singapore) Pte. Ltd. for Tan Kay Toh	125,000	0.30
21. Tee Yeow	100,000	0.24
22. Teh Liang Teik	92,500	0.23
23. Ewe Thuan Ho	87,500	0.21
24. Lee Keng Fah	85,700	0.21
25. Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Raja Noraini Binti Raja Nong Chik	75,000	0.18
26. Ewe Hong Soon	67,500	0.16
27. Lama Tile (Utara) Sdn Bhd	62,500	0.15
28. Mohamad Abas Bin Abang	57,500	0.14
29. Tan Lian Hong	55,000	0.13
30. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Raymond Hor Fook Weng	52,000	0.13

## LIST OF GROUP PROPERTIES

as at 31 March 2017

Location	Land Area (Sq. metres)	Description/ Existing use	Tenure/ Approximate Age of building	Net Book Value as at 31.3.2017 (RM)	Date of Building Revaluation
1. Lot 2, Jalan Usahawan 5 PKNS Setapak Industrial Area Kuala Lumpur	8,094	Industrial Land and Factory Building	Leasehold / 39 years (expiring on 10.11.2093)	8,058,337	31.03.2008
2. Lot 1, Jalan Usahawan 5 PKNS Setapak Industrial Area Kuala Lumpur	21,925	Industrial Land and Factory Building	Leasehold / 21 years (expiring on 09.11.2093)	18,065,491	31.03.2008
3. Lot 13 & 14 Jalan Perusahaan Ringan Off Jalan Genting Kelang Setapak, Kuala Lumpur	3,412	Industrial Land and Factory Building	Leasehold / 53 years [expiring on 03.11.2020 (Lot 13) & 04.03.2025 (Lot 14)]	1,458,823	31.03.2008
4. P. T. 23 HS(D) 78420 Mukim of Setapak Kuala Lumpur	823	Industrial Land and Factory Building	Leasehold / 46 years (expiring on 06.02.2026)	635,657	31.03.2008

# PROXY FORM



COMPUTER FORMS (MALAYSIA) BERHAD  
(4423-H) (Incorporated in Malaysia)

I/We ..... NRIC No./Company No. ....  
(full name in block letters)

of .....  
(full address)

being a member of **COMPUTER FORMS (MALAYSIA) BERHAD** hereby appoint .....

..... NRIC No. ....  
(full name in block letters)

of .....  
(full address)

representing ..... percentage (%) of my/our shareholdings in the Company and/or failing him/her

..... NRIC No. ....  
(full name in block letters)

of .....  
(full address)

representing ..... percentage (%) of my/our shareholdings in the Company and/or failing him/her/them, the **Chairman of the Meeting** as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Fifty-Fifth Annual General Meeting of the Shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Perdana, 1<sup>st</sup> Floor, Sports Complex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Wednesday, 13 September 2017 at 10.30 a.m. and at any adjournment thereof in the manner indicated below:-

Resolutions	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3(a)		
Ordinary Resolution 3(b)		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		

*(Please indicate with an "X" in the space provided how you wish your vote to be cast for each resolution. If no voting instructions are given, the proxy/proxies may vote or abstain from voting at his/her/their own discretion)*

CDS Account no.	
No. of Shares held	

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017

\_\_\_\_\_  
Signature(s)/Common Seal

## Notes:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (**but not more than two**) to attend and vote instead of him. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it shall be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.  
  
Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.  
  
Where an authorised nominee or an exempt authorised nominee appoints more than one proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- The instrument appointing a proxy shall be deposited with the Share Registrar of the Company, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- Depositors whose names appear in the Record of Depositors on a date not less than three (3) market days before the Annual General Meeting shall be entitled to attend and vote at the Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

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STAMP

**COMPUTER FORMS (MALAYSIA) BERHAD (4423-H)**

c/o Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor Darul Ehsan  
Malaysia

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