



**ANNUAL REPORT**  
**2017**  
LAPORAN TAHUNAN





OKA CORPORATION BHD  
(519941-H)  
(Incorporated in Malaysia)

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## CORPORATE PROFILE

### Sungai Petani

(established in year 2009)



### Batu Gajah

(established in year 1981)



### Batu Gajah Perdana

(established in year 2009)

### FACTORIES IN MALAYSIA



### Kuantan

(established in year 2003)

### Nilai

(established in year 2002)



### Senai

(established in year 2002)



### Corporate Vision

OKA Group's vision is to be the leading integrated manufacturer of precast concrete products in South East Asia through:

- Supply of high quality and value added products to meet highest customer satisfaction
- Organizational excellence and professional commitment
- Product innovation and solutions for customer needs.

### Corporate Mission

To achieve organizational goals through:

- On-going research and development
- Committed pool of professional and skilled personnel
- Serving esteemed customers through 5 branches positioned at strategic locations throughout the country.

### Corporate Culture / Core Value

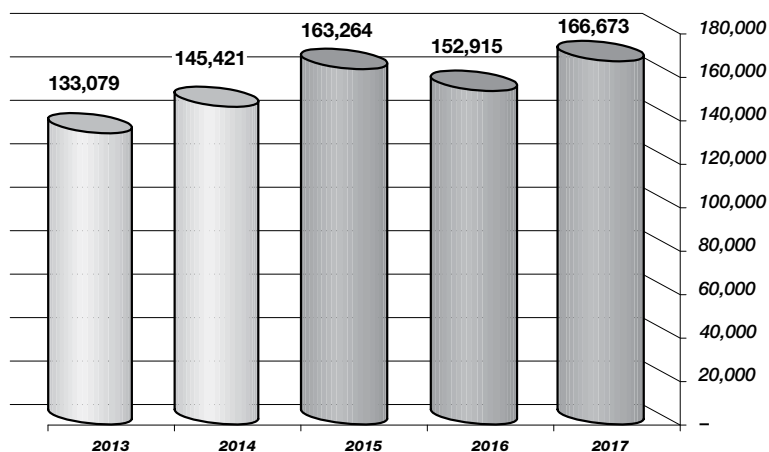
- Customer satisfaction
- Integrity and collaborative teamwork
- Innovation
- Quality product & service

## SUMMARY OF FIVE-YEAR GROUP GROWTH



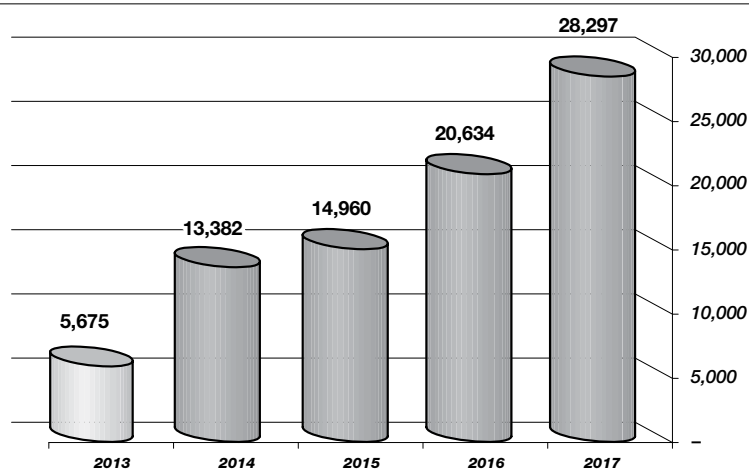
### REVENUE

RM ('000)



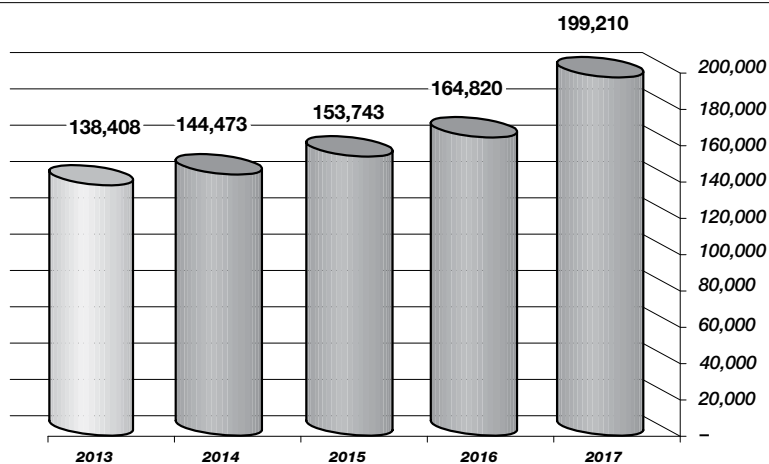
### PROFIT

RM ('000)



### TOTAL ASSETS

RM ('000)



YEARS	2013	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	133,079	145,421	163,264	152,915	166,673
Profit After Tax	5,675	13,382	14,960	20,634	28,297
Total Assets	138,408	144,473	153,743	164,820	199,210





## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of OKA Corporation Bhd will be held at Room 5, First Floor, Impiana Hotel Ipoh, No. 18 Jalan Sultan Nazrin Shah Ipoh, Perak Darul Ridzuan on Monday, 28 August 2017 at 10.30 a.m. for the following purposes:

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon. Please refer to Explanatory Note A
2. To declare a final single-tier dividend of 3.5 sen per share in respect of financial year ended 31 March 2017 (Resolution 1)
3. To approve the payment of Directors' fees for the financial year ended 31 March 2017. (Resolution 2)
4. To approve the payment of allowances to Non-Executive Directors up to an amount of RM500,000 with effect from 01 April 2017 until the next Annual General Meeting of the Company. (Resolution 3)
5. To re-elect the following directors who retire pursuant to Article 82 of the Company's Constitution, and being eligible, have offered themselves for re-election:-
  - (i) Mr. Chok Hooa @ Chok Yin Fatt, *PMP* (Resolution 4)
  - (ii) Mr. Ong Choo Ian (Resolution 5)
6. To re-appoint Ir. Ong Koon Ann as Director of the Company. (Resolution 6)  
Please refer to Explanatory Note B
7. To re-appoint Messrs KPMG as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 7)

### Special Business

8. To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:- (Resolution 8)

Authority to allot and issue shares pursuant to Section 75 of the Companies Act, 2016

"That pursuant to Section 75 of the Companies Act 2016, the Constitution of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

## NOTICE OF ANNUAL GENERAL MEETING

(cont'd)



9. Authority to issue shares pursuant to the Executives Share Option Scheme (Resolution 9)
- “That pursuant to Section 75 of the Companies Act, 2016 and the Constitution of the Company, the Directors be and are hereby authorized to issue shares in the Company, at any time pursuant to the exercise of options in accordance with the terms and conditions of the OKA Corporation Bhd Executives Share Option Scheme, which was approved by the Shareholders at the Extraordinary General Meeting held on 28 August 2014.”
10. Continuing in Office as Independent Non-Executive Directors
- 10.1 “That subject to the passing of Resolution 4, authority be and is hereby given to Mr. Chok Hooa @ Chok Yin Fatt, PMP who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an independent Non-Executive Director of the Company” (Resolution 10)
- 10.2 “That authority be and is hereby given to Mr. Gan Boon Koo @ Gan Boon Kiu who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an independent Non-Executive Director of the Company” (Resolution 11)
- 10.3 “That authority be and is hereby given to En Sharifuddin Bin Shoib, AMP who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an independent Non-Executive Director of the Company” (Resolution 12)
11. To transact any other business of which due notice shall have been given.



## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a final single-tier dividend of 3.5 sen per share in respect of the financial year ended 31 March 2017, if approved by the shareholders at the Seventeenth Annual General Meeting, will be paid on 17 November 2017 to shareholders whose names appear in the Record of Depositors at the close of business on 2 November 2017.

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

- a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2 November 2017 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Low Hor Foong (MAICSA 0763512)

Lau Wai Yeen (MIA 11467)

Company Secretaries

Ipoh

31 July 2017

### Notes:

1. Appointment of Proxy
  - (i) A proxy may but need not be a member of the Company.
  - (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
  - (iii) To be valid, the form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
  - (iv) A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
  - (v) Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 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 authorized nominee may appoint in respect of each omnibus account it holds.
  - (vi) Only a depositor whose name appears on the Record of Depositors as at 18 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.
2. Explanatory Notes On Ordinary Business
  - Note A**

This agenda item is intended for discussion only as under Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders. As such, this agenda item will not be put forward for voting.
  - Note B**

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

Mr. Ong Koon Ann who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act 1965 at the 16th AGM of the Company held on 26 August 2016 to hold office until the conclusion of the 17th AGM. His term of office will end at the conclusion of the 17th AGM and he has offered himself for re-appointment as a Director of the Company.

The proposed Resolution 6, if passed, will authorise Mr. Ong Koon Ann to continue to act as Director of the Company and he shall subject to retirement by rotation at a later date.
3. Explanatory Notes On Special Business
  - For Special Business**
    - (i) The proposed Ordinary Resolution No. 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in aggregate 10% of the issued share capital of the Company for the time being and for such purposes as the Directors consider would be in the best interests of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 26 August 2016 which will lapse at the conclusion of the forthcoming AGM.
    - (ii) The proposed Ordinary Resolution No. 9, if passed, will empower the Directors to allot and issue shares pursuant to the exercise of options under the Executives Share Option Scheme and in accordance with its terms and conditions.
    - (iii) The proposed Ordinary Resolution No. 10 to No. 12, if passed, will allow Mr. Chok Hooa @ Chok Yin Fatt, PMP, Mr. Gan Boon Koo @ Gan Boon Kiu and En. Sharifuddin Bin Shoib, AMP to continue to act as Independent Non-Executive Directors of the Company. Pursuant to the Malaysian Code of Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the independence of Mr. Chok Hooa @ Chok Yin Fatt, PMP, Mr. Gan Boon Koo @ Gan Boon Kiu and En. Sharifuddin Bin Shoib, AMP who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommends them to continue to act as Independent Non-Executive Directors of the Company. The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. To qualify as independent, a director must be independent in character and judgement, independent of management and free from any relationships or circumstances as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), which are likely to affect or appear to affect their independent judgement. The Board thus concluded that the three (3) Directors' length of service does not interfere with their exercise of independent judgement and ability to act in the best interests of the Company and shareholders. In addition, the Board believes that their detailed knowledge of the Group's business and their proven commitment, experience and competence will greatly benefit the Company. The three (3) Directors concerned had declared their independence and their desire to continue to act as Independent Non-Executive Directors of the Company.
4. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING



Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### **Details of individuals who are standing for election as Directors**

No individual is seeking new election as a Director at the forthcoming 17th AGM of the Company

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Independent Non-Executive Chairman

Encik Sharifuddin Bin Shoib, *AMP*

#### Group Managing Director

Ir. Ong Koon Ann

#### Executive Directors

Mdm. Quah Seok Keng

Mr. Ong Choo Ian

#### Independent Non-Executive Directors

Mr. Chok Hooa @ Chok Yin Fatt, *PMP*

Mr. Gan Boon Koo @ Gan Boon Kiu

### COMPANY SECRETARIES

Mr. Lau Wai Yeen (MIA 11467)

Ms Low Hor Foong (MAICSA 0763512)

### AUDIT COMMITTEE

#### Chairman

Mr. Chok Hooa @ Chok Yin Fatt, *PMP*

#### Members

Mr. Gan Boon Koo @ Gan Boon Kiu

Encik Sharifuddin Bin Shoib, *AMP*

### NOMINATION COMMITTEE

#### Chairman

Encik Sharifuddin Bin Shoib, *AMP*

#### Members

Mr. Chok Hooa @ Chok Yin Fatt, *PMP*

Mr. Gan Boon Koo @ Gan Boon Kiu

### REMUNERATION COMMITTEE

#### Chairman

Mdm. Quah Seok Keng

#### Members

Mr. Chok Hooa @ Chok Yin Fatt, *PMP*

Encik Sharifuddin Bin Shoib, *AMP*

### EXECUTIVES SHARE OPTION SCHEME COMMITTEE

#### Chairman

Ir. Ong Koon Ann

#### Members

Mdm. Quah Seok Keng

Mr. Lau Wai Yeen

### AUDITORS

KPMG PLT

Chartered Accountants

Level 18, Hunza Tower

163E, Jalan Kelawei

10250 Penang, Malaysia

Telephone : 604-238 2288

Fax No. : 604-238 2222

E-mail : [info@kpmg.com.my](mailto:info@kpmg.com.my)

### SHARE REGISTRARS

Tricor Investor & Issuing House Services Sdn Bhd

41, Jalan Medan Ipoh 6

Bandar Baru Medan Ipoh

31400 Ipoh

Perak Darul Ridzuan

Telephone : 05-5451222

Facsimile : 05-5459222

E-mail : [info@my.tricorglobal.com](mailto:info@my.tricorglobal.com)

### REGISTERED OFFICE

6, Lebuhraya Chateau

Off Persiaran Kampar

30250 Ipoh

Perak Darul Ridzuan

Telephone : 05-2542741, 05-2542745

Facsimile : 05-2532403, 05-2411851

E-mail : [oka@oka.com.my](mailto:oka@oka.com.my)

Website : [www.oka.com.my](http://www.oka.com.my)

### SUBSIDIARIES

OKA Concrete Industries Sdn Bhd

OKA Engineering & Trading Sdn Bhd

OKA Readymixed Concrete Sdn Bhd

OKA Steel Sdn Bhd

Real Charisma Sdn Bhd

Pembinaan Cahaya Emas Sdn Bhd

### PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad

AmBank (M) Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

RHB Bank Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Market

Sector : Industrial Products

Stock Name : OKA

Stock Code : 7140



**EN. SHARIFUDDIN BIN SHOIB, *AMP***  
**Independent Non-Executive Chairman**

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Sharifuddin bin Shoib, aged 69, male, a Malaysian, was appointed to the Board on 30 August 2000 and appointed as Chairman on 21 November 2002. He holds a Bachelor of Engineering (Mechanical) from Australia which was obtained in 1974 and became a member of the Institution of Engineers, Malaysia in 1988. He held various positions in UAC Bhd from 1970 to 1983. In July 1983 he joined Dijaya Corporation Bhd (previously known as Jasa Megah Industries Bhd) as Factory Manager and was promoted to General Manager and subsequently to Executive Director from August 1991 to 30 June 1994. Prior to joining Dijaya Corporation Bhd he was the Deputy Manager in Heavy Industries Corporation of Malaysia Bhd from January 1983 to July 1983.

He sits on the Boards of Rubberex Corporation (M) Bhd and another public company, MSHK Corporation Bhd. which is not listed on the Bursa Malaysia Securities Berhad. He is the Chairman of the Nomination Committee, member of the Audit Committee and Remuneration Committee of the Company. He also holds directorships in several private limited companies.

He does not have any family relationship with the directors and/or major shareholder of the Company. He has no conflict of interest and has had no convictions for any offences within the past ten years.

**ONG KOON ANN**  
**Group Managing Director**

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Ong Koon Ann, aged 73, male, a Malaysian, was appointed to the Board on 21 February 2002. He is also the Managing Director of OKA Concrete Industries Sdn Bhd which was founded in 1981. Graduated from Bolton Institute of Technology in United Kingdom in 1970, he is a Registered Professional Engineer in Malaysia and Singapore and a Chartered Engineer by profession.

He is a member of the Institution of Civil Engineers and the Chartered Institution of Highways & Transportation, United Kingdom; Institution of Engineers Malaysia and Institution of Engineers Singapore.

Before he started OKA Concrete Industries Sdn Bhd, he had served as management consultant in a precast concrete company in 1974 to 1981. Prior to this, he had worked with consultant and construction companies in the United Kingdom dealing in highway and power station projects in Singapore and Malaysia.

He is Chairman of the Executives Share Option Committee of the Company. He does not have any other directorships of public companies.

He is the spouse of Quah Seok Keng and father of. Ong Choo Ian. Both. Quah Seok Keng and Ong Choo Ian are Executive Directors of the Company.

He has no conflict of interest and has had no convictions for any offences within the past ten years.



## PROFILE OF THE BOARD OF DIRECTORS

(cont'd)

### **QUAH SEOK KENG** Executive Director

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Quah Seok Keng, aged 70, female, a Singaporean (Permanent Resident of Malaysia), was appointed to the Board on 21 February 2002. She is the Executive Director of OKA Concrete Industries Sdn Bhd since its incorporation in 1981. She is involved in financial management and managing the Group's sales department. She is also currently overseeing the marketing department of OKA Concrete Industries Sdn Bhd.

She is the Chairman of the Remuneration Committee and a member of the Executives Share Option Committee of the Company and does not have any other directorships of public companies.

She is the spouse of Ir. Ong Koon Ann and mother of Mr. Ong Choo Ian. Ir. Ong Koon Ann is the Group Managing Director while Mr. Ong Choo Ian is the Executive Director of the Company.

She has no conflict of interest and has had no convictions for any offences within the past ten years.

### **ONG CHOO IAN** Executive Director

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Ong Choo Ian, aged 40, male, a Malaysian, was appointed to the Board on 26 August 2005. He graduated with a Bachelor Degree in Civil Engineering with Honours and Master of Science in Engineering Business Management from the University of Warwick, United Kingdom in 1997 and 1998 respectively. He is a graduate member of the Institution of Civil Engineers, United Kingdom, Institution of Structural Engineers, United Kingdom and the Institution of Engineers Malaysia.

He joined OKA Concrete Industries Sdn Bhd in 1999 as Purchasing Manager and was promoted to General Manager – Purchasing in 2003. Currently he sits on the board of all the subsidiary companies within the Group.

He is the son of Ir. Ong Koon Ann, Group Managing Director and Madam Quah Seok Keng, Executive Director of the Company.

He has no conflict of interest and has had no convictions for any offences within the past ten years.

**MR. CHOK HOOA @ CHOK YIN FATT, *PMP***  
**Independent Non-Executive Director**

Chok Yin Fatt, aged 70, male, a Malaysian, was appointed to the Board on 12 July 2000. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

He has extensive experience in the field of financial management, accounting and corporate secretarial functions. He was attached to UAC Bhd from 1974 to 1982. In 1982 he joined Yee Lee Corporation Bhd as Chief Accountant and was promoted to the Board as an Executive Director in 1990.

Presently he also sits on the Boards of Spritzer Bhd and other public companies which are not listed on the Bursa Malaysia Securities Berhad including Yee Lee Organization Bhd. and MSHK Corporation Bhd. He is the Chairman of the Audit Committee; member of the Remuneration Committee and Nomination Committee of OKA Corporation Bhd. He also holds directorships in several private limited companies.

Chok Yin Fatt does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest and has had no convictions for any offences within the past ten years.

**GAN BOON KOO @ GAN BOON KIU**  
**Independent Non-Executive Director**

Gan Boon Koo, aged 56, male, a Malaysian, was appointed to the Board on 21 February 2002. He obtained his Diploma in Business Studies (Financial) from the Tunku Abdul Rahman College and is a member of the Association of Chartered Certified Accountants (UK). He is a Chartered Accountant of the Malaysian Institute of Accountants.

He resigned from his position as General Manager of Finance, Mardec Berhad on 31 January 2016. He was then offered the position as an Advisor of Mardec Berhad. Prior to this he was the Group Accountant of a public listed trading company. He has gained extensive experience in corporate finance and restructuring exercises through his attachment with several public listed companies involved in the property, trading and services and construction industries from 1989 to 2004.

He was appointed as the Corporate Representative of MPH Group (M) Sdn Bhd on 9th January 2017 and similarly acts as corporate representative for its other related companies.

He is also a member of the Audit Committee and Nomination Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest and has had no convictions for any offences within the past ten years.



## KEY SENIOR MANAGEMENT'S PROFILE

For Key Senior Management Profiles of Ir. Ong Koon Ann, Mr. Ong Choo Ian and Mdm. Quah Seok Keng, kindly refer to the Directors' Profile in this Annual Report

### **ONG KOON ENG**

#### **General Manager - Factory**

Ong Koon Eng, aged 62, male, a Malaysian, is a civil engineer graduated with Honours from Portsmouth in 1977. For three years he was a District Drainage & Irrigation Department Engineer in Kelantan, in charged and managed all projects in the district. Later he moved to a construction company as a Project Engineer to manage projects involving piling and foundation works, drainage and irrigation works and construction of bridges mainly in Kelantan and Terengganu. With his invaluable experience, he joined OKA Concrete Industries Sdn Bhd in 1983 as a factory engineer to provide technical assistance and monitor the quality of the products. Subsequently he was appointed the Factory Manager in 1984.

In 2002, he was appointed as General Manager – Factory providing engineering advisory service to subsidiaries in the Group.

### **LAU WAI YEEN**

#### **Chief Financial Officer/Joint Company Secretary**

Lau Wai Yeen, aged 47, male, a Malaysian, is a chartered accountant. He holds a Bachelor of Business Degree in Accounting from Victoria University of Technology Melbourne, Australia and is a member of the CPA Australia (ASCPA) and Malaysian Institute of Accountants (MIA). Prior to joining the Group, he was an auditor with KPMG for 4 years.

In 1996, he joined OKA Concrete Industries Sdn Bhd as Administration Manager for 4 years before moving to other companies and gained wide experience in operations, marketing, training, and finance.

In 2008, Mr. Lau re-joined the Group as Factory Manager (Batu Gajah). He was appointed as Chief Financial Officer in November 2011 taking charge of operations and finance. He also serves as Joint Company Secretary of the Company.

### **ONG EE DITH**

#### **General Manager – Corporate Affairs**

Ong Ee Dith, aged 41, female, a Malaysian graduated from the University of Sheffield, United Kingdom in 1977, with a degree in Bachelor of Arts with Honours in Accounting and Financial Management. In 2002, she obtained her Master in Business Administration from Preston University, U.S.A. She was appointed as the Company's General Manager – Corporate Affairs in 2002. Prior to joining the Company, she was working in Singapore for about two years.

### **TEY HOCK LIM**

#### **General Manager – Sales & Marketing**

Tey Hock Lim (Terry), aged 41, male, a Malaysian, graduated from the University of Central Oklahoma, USA in 1997 with a degree in Bachelor of Business Administration (Finance).

In 2004, he joined OKA Concrete Industries Sdn Bhd as Marketing and Sales Manager in charge of sales for the southern region. He was later appointed as the General Manager overseeing Sales & Marketing in 2013.

Prior to joining the Company, he was working in the similar industries for 3 years and gained invaluable experience in the field of sales and marketing.



## **STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE AUDITED FINANCIAL STATEMENTS**



The Directors are required by the Act to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company and the financial performance and cash flows for the year ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 2016 in Malaysia.

In preparing the financial statements, the Directors have:-

- Adopted appropriate accounting policies and applied them consistently,
- Made judgments and estimates that are reasonable and prudent, and
- Prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which present fairly the financial position and financial performance of the Group and of the Company.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

The statement was made in accordance with a resolution of the Board dated 14 July 2017.



## AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) of OKA Corporation Bhd is pleased to present the AC Report for the financial year ended 31 March 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The purpose, authority, composition, membership, meetings and responsibilities of the AC are set out in the AC Charter which can be viewed at the Company’s website: <http://www.oka.com.my>

### MEMBERSHIP AND ATTENDANCE

During the financial year ended 31 March 2017, the AC held 4 meetings. Details of the membership and record of the attendance at these meetings are as follows:-

Members	Number of Meetings Attended
Mr. Chok Hooa @ Chok Yin Fatt, <i>PMP</i> – Chairman Independent Non-Executive Director	4/4
Mr. Gan Boon Koo @ Gan Boon Kiu – Member Independent Non-Executive Director	4/4
En. Sharifuddin Bin Shoib, <i>AMP</i> – Member Independent Non-Executive Director	3/4

### Composition

The AC, appointed by the Board from amongst its members, presently comprises three (3) Independent Non-Executive Directors. The Independent Directors satisfy the test of independence under Paragraph 1.01 of the Listing Requirements. The Chairman is elected from among the members and is an independent director pursuant to Paragraph 15.10 of the Listing Requirements.

Mr. Chok Hooa @ Chok Yin Fatt, *PMP* is a fellow member of CPA Australia and a member of the Malaysian Institute of Certified Public Accountants whilst Mr. Gan Boon Koo @ Gan Boon Kiu is a member of the Association of Chartered Certified Accountants (UK). Both Mr. Chok and Mr. Gan are also Chartered Accountants of the Malaysian Institute of Accountants. The Company is therefore in compliance with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

### Meetings

The minutes of the meeting were recorded and tabled for confirmation at the next following meeting and subsequently presented to the Board for notation. The AC Chairman had presented to the Board the Committee’s recommendations to approve the annual and quarterly financial statements.

The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

### SUMMARY OF WORKS OF THE AUDIT COMMITTEE

During the financial year ended 31 March 2017, the AC had discharged its duties and responsibilities by carrying out the following works and activities:-



## Financial Reporting

1. Reviewed the quarterly financial results including the draft announcements pertaining thereto, and make recommendations to the Board for approval of the same as follows:-

Date of meetings	Review of unaudited quarterly financial results
27 May 2016	Fourth quarter unaudited financial results as well as the unaudited financial results of the Group for the financial year ended 31 March 2016
26 August 2016	First quarter unaudited financial results for the financial period ended 30 June 2016
25 November 2016	Second quarter unaudited financial results for the financial period ended 30 September 2016
24 February 2017	Third quarter unaudited financial results for the financial period ended 31 December 2016
26 May 2017	Fourth quarter unaudited financial results as well as the unaudited financial results of the Group for the financial year ended 31 March 2017

The above review is to ensure that the Company's quarterly financial reporting and disclosures have been prepared in accordance with Malaysian Financial Reporting Standard 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and

2. Review with the management on any significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements and steps taken to address the matters.

## Risk Management and Internal Control

1. Deliberated and reviewed with the Group Risk Management Committee on the Group's risk profile, the key risks identified and the risk management process to ensure that all high and critical risk areas are being addressed;
2. Reviewed with the management and internal auditors on the adequacy and effectiveness of the internal control system to ensure compliance with the internal controls and procedures set up within the Group and adequate scope coverage over the activities of the Group.
3. Reviewed and deliberated the internal audit reports and to monitor/follow-up on remedial action;
4. Reviewed the Statement on Risk Management and Internal Control and recommend to the Board for approval prior to the inclusion in the Company's Annual Report 2017; and
5. Reviewed the adequacy and competencies of outsourced internal audit function to execute the annual audit plan and the results of the work.

## External Audit

1. Discussed and considered the significant accounting and auditing issues arising from the final audit with the External Auditors. The AC also met with the External Auditors without the presence of any Executive Board members and Senior Management, to discuss problems and reservations arising from the audit, if any, or any other matter the External Auditors may wish to discuss.
2. Reviewed with the External Auditors at the meeting held on 24 February 2017 their audit plan in respect of the financial year ended 31 March 2017; and



## AUDIT COMMITTEE REPORT

(cont'd)

### External Audit (cont'd)

3. Reviewed and evaluated the performance, competency, professionalism and the independence of the External Auditors. In respect of the financial year ended 31 March 2017, KPMG has confirmed their independence to act as the Company's External Auditors in accordance with the relevant professional and regulatory requirements.

The AC, having been satisfied with the performance, independence and suitability of KPMG, had recommended to the Board for approval of the re-appointment of KPMG as the External Auditors for the financial year ending 31 March 2018 at a fee to be determined later.

### Internal Audit

1. Reviewed and approved the Internal Audit Plan for the financial year ended 31 March 2017 to ensure that the scope and coverage of the internal audit of the Group is adequate and comprehensive.
2. Reviewed the quarterly internal audit reports and considered the findings and recommendations made including the Management's responses and the corrective action, if necessary. The Internal Auditors monitored the implementation of management's action plans on outstanding issues through follow-up audits to ensure that all key risks and weaknesses were being properly addressed; and
3. Review the adequacy of the scope, functions, competency and resources of the outsourced internal auditors.

### Other activities

1. Reviewed on a quarterly basis, any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises a question of management integrity within the Group;
2. Reviewed and verified that the allocation of options pursuant to the Company's Executives Share Option Scheme is in compliance with the criteria of allocation;
3. Reviewed and/or updated the Group's Code of Conduct and AC Charter prior to recommendation to the Board for approval; and
4. Reviewed the AC Report and Statement on Corporate Governance for inclusion in the Annual Report 2017 before recommending them to the Board for approval.

### SUMMARY OF ACTIVITIES OF THE OUTSOURCED INTERNAL AUDITORS

The Internal Auditors provided independent assessment of the adequacy, efficiency and effectiveness of the Group's governance, risk and internal control system. During the year, the Internal Auditors had carried out their duties with impartiality, proficiency and due professional care with reference to the International Standards for Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors, Inc (USA).

The Internal Auditors adopted a risk-based approach whilst applying the principles of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Framework for Internal Control as a guideline for review and reporting. The audit reviews encompassed the assessment of processes and controls covering financial control and supplier management, inventory, production, quality assurance/quality control, sales operations, facilities and machinery repairs and maintenance, spare parts and consumables management, asset management, occupational health and safety, information technology/information systems general controls, information technology/information application controls, mould repair and maintenance management internal. Audit reports incorporating audit observations and recommendations for corrective action on the system and internal control weaknesses were presented to the Management and thereafter to the Audit Committee for appraisal and review before presenting to the Board on a quarterly basis. The Management would ensure all remedial actions had been taken to resolve the audit issues highlighted in the audit reports within a reasonable time frame. The cost incurred for the outsourced internal audit function in respect of the financial year ended 31 March 2017 was RM45,899 (including GST).



The Board of Directors fully appreciates the importance of practicing good corporate governance and strives to adopt the principles and recommendations of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”).

Set out below is a statement of how the Group has applied principles of good governance and the extent of the Group’s compliance with the recommendations of the MCCG 2012 throughout the financial year ended 31 March 2017.

## **1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES**

### **1.1 Clear Functions of the Board and Management**

There is a division of functions between the Board and the Management. The Board is focused on the Group’s overall governance by ensuring the implementation of strategic plans and objectives are in line with its vision and missions; and that accountability to the Group and stakeholders is monitored effectively. The Board does not actively manage but rather oversees the overall management of the Group which is delegated to the Group Managing Director, Executive Directors and other officers of the Group. The Management supports the Group Managing Director and implements the running of the financial and general operations of the Group.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board’s authorities and discretion to the properly constituted Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Executives’ Share Option Committee, which are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board. Besides that, the Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Board may also delegate specific functions to ad hoc committees as and when required. The powers delegated to these committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

The Independent Non-Executive Directors provide objective and independent judgement to the decision making of the Board which provides an effective check and balance to the Board’s decision-making process.

In addition, the Board is guided by the documented and approved Board Charter which sets out the roles, functions, authority, responsibilities, membership, key matters reserved for the Board, relationships with management and other matters.

The Board will review the Board Charter at least once annually and ensure it is updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities to ensure its effectiveness.

The Board Charter can be viewed at the Company’s website at <http://www.oka.com.my>

### **1.2 Clear Roles and Responsibilities**

The Board provides stewardship to the Group’s strategic direction and operations, and ultimately the enhancement of long-term shareholders’ value. The Board is primarily responsible for:-

- (a) Reviewing and adopting the Company’s strategic plans – The Board has in place a strategy planning process, whereby it will be presented for discussion on a quarterly basis during board meeting and the Group Managing Director reports on the results and challenges met. The Board objectively reviews and monitors the implementation of the plan by management and provides input and feedback to the management.
- (b) Overseeing the conduct of the Company’s business – The Board oversees the performance of the Management by reviewing the actual performance and provides guidance to the Management on measures to be undertaken to improve business performance and minimise risk areas.





## STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

### 1.2 Clear Roles and Responsibilities (cont'd)

- (c) Overseeing the development and implementation of a shareholder communication policy for the Company – The Board acknowledges the importance of timely dissemination of information to its shareholders. Announcements on the major events of the Company and financial results release provide the shareholders and potential investors with the update of Group's activities and financial performances. The General Meetings act as the principal forum of dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report and/or Circular prior thereto in accordance with the stipulated timeframe set out in the Listing Requirements and the Companies Act 2016 in order to enable shareholders to fully evaluate the resolutions being proposed. Shareholders are given the opportunities to raise questions pertaining to the Group and the resolutions being proposed at each annual general meeting ("AGM"). Members of the Board are available at the AGM to respond to all queries and to provide clarification on issues and concerns raised by the shareholders. Besides, the Company has a website where access to its Annual Reports, announcement, quarterly financial results and other relevant information for shareholders and potential investors is available at all times.
- (d) Input into and final approval of management development of corporate strategy, including setting performance objectives.
- (e) Monitoring corporate performance.
- (f) Approving major capital expenditure, acquisitions and divestitures, and monitoring capital management.
- (g) Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit Committee.
- (h) Reviewing, ratifying and monitoring systems of risk management and internal control under the guidance of the Audit Committee
- (i) Selecting, appointing and evaluating from time to time the performance of, and planning succession of the Managing Director under the guidance of the Nomination Committee.
- (j) Reviewing and approving remuneration of the Managing Director, Executive Directors and the Non-Executive Directors under the guidance of the Remuneration Committee.
- (k) Monitoring Board composition, processes and performance with the guidance of the Nomination Committee
- (l) Reviewing and approving the allocation of options with the guidance of the Executives Share Option Scheme Committee; and
- (m) Performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, employee or other person subject to ultimate responsibility of the Directors.

### 1.3 Formalised Ethical Standards through Code of Ethics and Conduct

The Board has formalized a Directors' Code of Ethics and Conduct that is incorporated in the Board Charter, which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity, accountability and corporate social responsibility. The Company's Codes of Ethics set out the standards and guidelines to be observed by all the employees.

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

### 1.4 Whistleblowing Policy and Procedures

The Board is committed to maintaining the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities. The Company's Whistleblowing Policy provides a mechanism for its Board members, all levels of employees, contractors, suppliers, bankers, customers and business associates to report suspected or instances of wrongdoing in the conduct of its business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

The Whistleblowing Policy is available on the Company's website at <http://www.oka.com.my>



### **1.5 Sustainability of Business**

The Board is committed to promote business sustainability strategies within the Group. Employees' welfare, responsibility to the market place, environment as well as community responsibilities are integral to the way in which the Group conducts its business. Report on such activities is set out in the section on Corporate Social Responsibility on page 32 of this Annual Report.

### **1.6 Access to Information and Advice**

The Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties. The Directors are provided with an agenda, reports and other relevant information prior to Board meetings, covering various aspects of the Group's operations so that they have a comprehensive understanding of the matters to be deliberated upon to enable them to arrive at an informed decision. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretary. Senior management and advisers are invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings. Every Director has individual and independent access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board.

The Chairman leads the presentation of Board papers and discussion. Group Managing Director will explain and discuss on the pertinent issues. All Directors are entitled to call for additional clarification and information to assist them in matters that require their decision-making. Every Director has individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

In addition, the Board may when necessary, obtain independent professional advice and information on specific matters, in furtherance of their duties, at the cost of the Company.

### **1.7 Qualified and Competent Company Secretary**

The Company Secretaries play an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board is regularly updated by the Company Secretaries on new regulation issued by the regulatory authorities. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares. The Company Secretaries attend and ensures that all board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

## **2. STRENGTHEN COMPOSITION**

### **2.1 Nomination Committee**

The Nomination Committee has three (3) members comprising exclusively Non-Executive Directors, all of whom are Independent Directors.

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and taking charge of the orientation for new Directors. The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director.

The Nomination Committee meets at least once a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee had met once and full attendance by the members was recorded.

The members of the Nomination Committee and records of attendance of each member at the Nomination Committee meeting held during the financial year ended 31 March 2017 is as follows:-



# STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

## 2.1 Nomination Committee (cont'd)

	Number of meeting attended
<b>Chairman</b>	
Sharifuddin Bin Shoib, <i>AMP</i> Independent Non-Executive Director	1/1
<b>Members</b>	
Chok Hooa @ Chok Yin Fatt, <i>PMP</i> Independent Non-Executive Director	1/1
Gan Boon Koo @ Gan Boon Kiu Independent Non-Executive Director	1/1

The Terms of Reference of the Nomination Committee is available on the Company's website at <http://www.oka.com.my>

The summary of the activities carried out by the Nomination Committee during the financial year end are as follows:

- reviewed and assessed the mix of skills, expertise, composition, size, experience and effectiveness of the Board and its Committees;
- Evaluated the performance and effectiveness of the Board and its Committees and of each individual member;
- assessed and evaluated the independence of the independent non-executive directors based on roles and duties, integrity, governance and independent judgement and participation in meetings;
- assessed and recommended the retention of Independent Non-Executive Directors who have served on the Board for a cumulative tenure of more than nine (9) years;
- assessed and recommended to the Board for the re-election of the Directors who are due for retirement pursuant to Article 82 of the Company's Constitution; and
- assessed and recommended to the board for the re-appointment of Director whose appointment was made pursuant to Section 129(6) of the Companies Act, 1965 at the 16th AGM held on 26 August 2016

All recommendations of the Nomination Committee are subject to the endorsement of the Board.

## 2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The Board, together with the Nomination Committee, determines the size and composition of the Board subject to the provisions of the Company's Constitution. The composition and size of the Board is such that it will facilitate the decision making process of the Company. The Board comprises a minimum of one third of independent non-executive directors and comprises directors with a broad and relevant range of skills, diversity, expertise and experience.

### (a) Recruitment or New Appointment of Directors

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an on-going basis. This process shall ensure that the Board membership accurately reflects the long term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

The process for the appointment of a new director is summarized as follows:-

- The candidate identified upon the recommendation by the existing Directors, senior management staff and/or other consultants;
- In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
- Recommendation to be made by Nomination Committee to the Board if the proposed candidate is found to be suitable. This includes recommendation for appointment as a member of the various board Committees, where necessary; and



4. The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

As an integral element of the process of appointing new Directors, the Nomination Committee shall ensure that Directors undergo an orientation programme to familiarize themselves with the Group's business, which include visits to the Group's various offices and factory premises and meetings with senior management. This is to facilitate their understanding of the Group's activities and to assist them in effectively discharging their duties.

#### **(b) Gender Diversity Policy**

The Board acknowledges the importance of boardroom diversity and the recommendation of MCCG 2012 pertaining to the establishment of a gender diversity policy. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. Nevertheless, the Board has no immediate plan to implement a gender diversity policy and will only set specific targets in relation to gender diversity if the situation so requires and if it is in the best interest of the Company to do so. Presently, there is one female director in the Board.

#### **(c) Re-election and Re-appointment of Directors**

In accordance with the Company's Constitution ("Constitution"), all newly appointed Directors are subject to re-election by shareholders at the first annual general meeting ("AGM") after their appointments. The Constitution also provides that one third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

The Nomination Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors. Ir. Ong Koon Ann who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act, 1965 at the 16th AGM of the Company held on 26 August 2016 to hold office until the conclusion of this 17th AGM. His term of office will end at the conclusion of the 17th AGM and he has offered himself for re-appointment as the Director of the Company.

The Directors who will retire by rotation and are eligible for re-election at the forthcoming 17th AGM pursuant to the Company's Constitution are Mr. Chok Hooa @ Chok Yin Fatt, PMP and Mr. Ong Choo Ian.

Their profiles are set out on pages 9-11 of this Annual Report.

#### **(d) Annual Assessment**

The Nomination Committee conducted its annual evaluation on the effectiveness of the Board, its committees and the contribution of each director.

The evaluation involves individual Directors completing separate performance evaluation sheet regarding the processes of the board and its Committees, their effectiveness and where improvements could be considered. Criteria such as contribution to interaction, quality of output, understanding of roles are assessed and evaluated.

These assessments and comments by all Directors were summarized and discussed at the Nomination Committee meeting which were then reported to the Board at the board meeting held thereafter. All assessments and evaluations carried out by the Nomination committee in the discharge of its duties are properly documented.

Based on the annual board assessment and evaluation, the Nomination Committee has recommended the re-election of Mr. Chok Hooa @ Chok Yin Fatt, PMP and Mr. Ong Choo Ian as Directors at the forthcoming 17th AGM. The Board (saved for the interested directors) is satisfied that these two (2) directors have continued to contribute to the board's effectiveness and have diligently discharged their responsibilities as directors.



## STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

### 2.3 Directors' Remuneration (cont'd)

The Remuneration Committee has three (3) members comprising two Independent Non-Executive Directors and one Executive Director.

The Remuneration Committee is responsible to make recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive

Directors' remuneration with the recommendation of the Remuneration Committee will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration.

The Remuneration Committee is entrusted to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors by linking rewards to the corporate and individual performance. The Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

The current remuneration payable to Non-Executive Directors comprises of Directors' fees which require shareholders' approval and meeting allowance, based on the number of meetings they attend for a year.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The members met once in the financial year ended 31 March 2017 and full attendance by the members was recorded.

The details of the remuneration for Directors of the Company paid or payable by the Company for the financial year under review are as follows:

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others RM'000	Total RM'000
Executive Directors	1,299	77	635	231	2,242
Non-Executive Directors	-	77	-	101	178

Directors' remuneration are broadly categorized into the following bands:

Range of remuneration	Number Of Directors	
	Executive Directors	Non-Executive Directors
RM0 to RM60,000	-	1
RM60,001 to RM70,000	-	2
RM600,001 to RM700,000	2	-
RM1,000,000 to RM1,100,000	1	-

Directors' fees and all benefits payable, if any are subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

### 2.4 Executives Share Option Scheme ("ESOS") Committee

The ESOS Committee has three (3) members comprising two (2) Executive Directors and one Senior Management Staff. The committee is responsible for administering the scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

Meetings of the ESOS Committee are held as and when necessary. The members met twenty-three (23) times in the financial year ended 31 March 2017.

## 3. REINFORCE INDEPENDENCE

### 3.1 Annual Assessment of Independence

The Board, through the Nomination Committee, assesses the independence of Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.





The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

### 3.2 Tenure of Independent Directors

The Company does not have term limits for independent directors as the board believes that there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs coupled with their calibre, qualifications, experience and personal qualities.

One recommendation of the MCGG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.

However, the Nomination Committee and the Board have determined at the annual assessment carried out that Mr. Chok Hooa @ Chok Yin Fatt, PMP, Mr. Gan Boon Koo @ Gan Boon Kiu and En. Sharifuddin Bin Shoib, AMP who have served on the Board for a cumulative term of more than nine (9) years, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

### 3.3 Shareholders' Approval for the Continuance in Office as Independent Non-Executive Directors ("INED")

In addition to the criteria for independence prescribed in the Listing Requirements, INED were assessed on their ability and commitment to continue to bring independent and objective judgment to board deliberations.

The Board is of the view that there are significant advantages to be gained from the INED who have served on the Board for more than nine (9) years as they possess valuable experience and expertise, greater insight and knowledge of the business, operations and growth strategies of the Group. Furthermore the ability of a director to serve effectively as an independent director is much a function of his caliber, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company and his duty to vigilantly safeguard the interests of the shareholders of the Company.

The Board on the review and recommendation made by the Nomination Committee, is unanimous in its opinion that the three (3) Independent Directors, namely Mr. Chok Hooa @ Chok Yin Fatt, PMP, Mr. Gan Boon Koo @ Gan Boon Kiu and En. Sharifuddin Bin Shoib, AMP who each has served as an INED of the Company for a cumulative term of more than nine (9) years, have remained objective and independent in participating in the deliberations and decision making of the Board and Board Committees.

Thus, the Board would recommend to the shareholders for approval at the forthcoming AGM for Mr. Chok Hooa @ Chok Yin Fatt, PMP, Mr. Gan Boon Koo @ Gan Boon Kiu and En. Sharifuddin Bin Shoib, AMP, to continue acting as INED of the Company.

### 3.4 Separation of Positions of the Chairman and Managing Director

The roles and responsibilities of the Chairman and Managing Director are clearly segregated to further enhance and preserve a balance of authority, power and accountability. The Chairman is responsible for ensuring Board effectiveness and conduct and the executive function of the management of the Company's business; whilst the Managing Director leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group.

### 3.5 Composition

The Board currently has six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The role of Chairman is held by an Independent Non-Executive Director. This Board composition complies with the Listing Requirements to have at least one third (1/3) of the Board consisting of Independent Directors.



## STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

### 3. REINFORCE INDEPENDENCE (cont'd)

The Board meetings are presided by the Chairman. The Executive Directors are generally responsible for making and implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with their independent judgment. Their presence ensures that issues of strategies, performance and resources proposed by the management are objectively evaluated with their judgment.

The Board is satisfied with the existing number and composition of the Directors to best serve the interest of the shareholders.

The profile of each Director is presented on pages 9 to 11 of the Annual Report.

### 4. FOSTER COMMITMENT

#### 4.1 Time Commitment

The Directors are aware of the time commitment expected from each of them to attend to the matters of the Group generally, including attendance at Board Committee and other types of meetings. None of our Directors are directors of more than five (5) public listed companies. The Board is satisfied that the present directorships in external organisations held by the Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group.

The Board has committed to meet at least four (4) times a year, usually before the announcement of quarterly results to Bursa Securities with additional meetings convened when necessary.

During the financial year ended 31 March 2017, four (4) Board meetings were held and the attendance is as follows:-

Directors	Attendance
Encik Sharifuddin Bin Shoib, <i>AMP</i>	3/4
Ir. Ong Koon Ann	4/4
Mdm. Quah Seok Keng	4/4
Mr. Ong Choo Ian	4/4
Mr. Chok Hooa @ Chok Yin Fatt, <i>PMP</i>	4/4
Mr. Gan Boon Koo @ Gan Boon Kiu	4/4

The Directors would notify the Company prior to accepting any new directorship in a public listed company.

#### 4.2 Directors' Training

The Board acknowledges that continuous education is vital in keeping them abreast with developments in the market place and with new statutory and regulatory requirements, besides enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

Relevant training programmes were arranged to facilitate knowledge building for Directors. The Directors may also attend additional training courses according to their individual needs, to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees on which they serve.

All the Directors have attended development and training programmes during the financial year ended 31 March 2017. The conferences, seminars and training programmes attended by the Directors, collectively or individually were as follows:-

Name	Conferences, seminars, workshops and training programmes
Sharifuddin Bin Shoib, <i>ANP</i>	<ul style="list-style-type: none"> <li>Securing Your Position on the investment podium by leveraging on the 2017 stock market outlook</li> <li>KPMG in Malaysia Tax Summit 2016</li> <li>Market outlook 2017 by RHB Investment Bank Berhad</li> </ul>



Ong Koon Ann	<ul style="list-style-type: none"> <li>• Securing Your Position on the investment podium by leveraging on the 2017 stock market outlook</li> <li>• KPMG in Malaysia Tax Summit 2016</li> <li>• Market outlook 2017 by RHB Investment Bank Berhad</li> </ul>
Quah Seok Keng	<ul style="list-style-type: none"> <li>• Securing Your Position on the investment podium by leveraging on the 2017 stock market outlook</li> <li>• KPMG in Malaysia Tax Summit 2016</li> <li>• Market outlook 2017 by RHB Investment Bank Berhad</li> </ul>
Ong Choo Ian	<ul style="list-style-type: none"> <li>• Securing Your Position on the investment podium by leveraging on the 2017 stock market outlook</li> <li>• KPMG in Malaysia Tax Summit 2016</li> <li>• Market outlook 2017 by RHB Investment Bank Berhad</li> </ul>
Chok Hooa @ Chok Yin Fatt, <i>PMP</i>	<ul style="list-style-type: none"> <li>• SERC Global Economic Conference 2016</li> <li>• The impact of Plastics on the Sustainability of Environment: Should Plastics Be Banned?</li> <li>• MAICSA Annual Conference 2016: Sustainability – Shaping The Future</li> <li>• Environmental, Social &amp; Governance Practices For Corporate Sustainability &amp; Reporting</li> </ul>
Gan Boon Koo @ Gan Boon Kiu	<ul style="list-style-type: none"> <li>• Seminar on Amendments To The Companies Act</li> </ul>

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made. The Board is assisted by the Audit Committee to oversee the process and quality of the financial reporting which includes reviewing and monitoring the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure the accuracy, adequacy and completeness of the report, as well as the compliance with the applicable financial reporting standards.

The Chief Financial Officer ("CFO") updates the Audit Committee regularly on the Group's financial performance and highlights key issues in connection with preparation of the financial results, including adoption of new accounting standards/policies. The CFO is the primary officer responsible for ensuring that the Group is aware of impending changes to the accounting standards and other relevant regulatory requirements and its compliance.

The Group is determined to maintain a pool of experienced, skilled and knowledgeable, accounting and finance staffs. The accounting team is required to attend both internal and external training to keep abreast of the development in the accounting standards and the changes in the regulatory requirements.

The Directors' Responsibility Statement for the Annual Audited Financial Statements of the Company and the Group is set out on page 13 of the Annual Report.

### 5.2 Assessment of Suitability and Independence of Auditors

The Company maintains a professional and transparent relationship with the internal auditors in seeking their professional advice on the Group's system of internal controls and with the external auditors in ensuring compliance with the accounting standards. The Audit Committee has explicit authority to communicate directly with internal and external auditors.

The Audit Committee meets the external auditors at least once a year without the presence of the Executive Directors and Management of the Group. This encourages greater exchange of independence and open dialogue between both parties. Further, the Audit Committee procures confirmation from the external auditor that the auditors are and have been independent throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements.



## STATEMENT ON CORPORATE GOVERNANCE

(cont'd)

### 5.2 Assessment of Suitability and Independence of Auditors (cont'd)

The Audit Committee has considered the non-audit services provided by the external auditors during the financial year in accordance with the non-audit services policy approved by the Board. The Audit Committee had concluded that these services did not compromise the external auditors' independence and objectivity as the amount of non-audit fees paid were not significant as compared to the total fees paid.

In addition, the Audit Committee also annually reviews the suitability and effectiveness of the external auditors, by assessing the adequacy of experience and resources of the firm and the professional staff assigned to the audit together with the independence of KPMG for the financial year ended 31 March 2017.

KPMG, has in place policies on rotation of partners for an audit engagement to ensure objectivity, independence and integrity of the audit. They have declared their independence to the Group and their compliance with By-Laws (on professional ethics, conduct and independence) of the Malaysian Institute of Accountants.

Being satisfied with KPMG's performance, technical competency and audit independence and professionalism, the Audit Committee recommended the re-appointment of KPMG as external auditors of the Company for the financial year ending 31 March 2018. The Board at its meeting held on 26 May 2017 approved the Audit Committee's recommendation for the approval to be obtained at the 17th AGM on the re-appointment of KPMG as external auditors of the Company for the financial year ending 31 March 2018.

## 6. RECOGNIZE AND MANAGE RISKS

### 6.1 Sound Framework to Manage Risks

The Board has established a comprehensive framework for risk management and a sound internal control system. The Group's Risk Management Committee oversees its enterprise risk management, review and approve actions developed to mitigate key risks and advising the Board on risk related issues. In addition, the Group's Risk Management Committee also provides direction and counsel to the risk management process as well as involves in the evaluation of the structure for the Group's risk management processes and support system.

### 6.2 Internal Control Function

The Group continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Details of the Group's internal control system are set out in the Statement on Risk Management and Internal Control on pages 28 to 29 of this Annual Report.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. In that respect, the Company is guided by the Corporate Disclosure Guide issued by Bursa Securities and the Board adheres strictly to the Bursa Securities' disclosure framework to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorized personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material be announced immediately.

### 7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities' and the Company's websites at <http://www.bursamalaysia.com> and [www.oka.com.my](http://www.oka.com.my) respectively and it is accessible by the public.



## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encourage Shareholder Participation at General Meetings

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue. The Board takes cognizance in serving longer than the required minimum notice period for AGMs, when possible. The Chairman together with the Group Managing Director ensure that the Board is accessible to shareholders and an open channel of communication is cultivated. The Board has ensured that an explanatory statement will accompany each item of special business included in the notice of meeting on the effects of the proposed resolutions. Each shareholder can vote in person or by appointing a proxy/proxies to attend and vote on his behalf. Separate issues are tabled in separate resolutions at general meetings. Voting is carried out systematically and resolutions are properly recorded.

### 8.2 Encourage Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll. Hence all the resolutions set out in the notice of the Company's forthcoming 17th AGM will be voted by poll.

### 8.3 Effective Communication and Proactive Engagement

At the 16th AGM, all Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Directors and Senior Management were in attendance to respond to the shareholders' queries.

The Board welcomes question and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

## COMPLIANCE STATEMENT

The Board is satisfied that the Company has in the financial year ended 31 March 2017 complied with the principles and recommendations of the MCCG 2012 except where it was specifically stated otherwise.

## OTHER INFORMATION

### 1. Utilisation of proceeds raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year ended 31 March 2017.

### 2. Audit and Non-audit Fees

For the financial year ended 31 March 2017, the amount of audit and non-audit fees paid/payable to the external auditors and its subsidiaries are as follows:-

	Company RM	Group RM
Audit fee	28,000	105,600
Non-audit fee	15,000	15,000
<b>Total</b>	<b>43,000</b>	<b>120,600</b>

### 3. Contracts relating to loans

There were no contracts relating to loans made by the Company during the financial year.

### 4. Material Contracts

There was no material contract which has been entered into by the Group, involving the Directors' and major shareholders' interests, entered into since the end of the previous financial year and at the end of the financial period.





## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 1. Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors of OKA Corporation Bhd ("the Board") is pleased to make the following statement which outlines the nature and scope of the risk management and internal control of the Group for the financial year ended 31 March 2017.

### 2. Board's Responsibilities

The Board recognises that internal control is an integral part of managing risks in an effort to achieve corporate objectives. As such, the Board acknowledges its responsibilities in maintaining as well as reviewing the adequacy and integrity of the Group's system of risk management and internal control which provides reasonable assurance of effective and efficient operations, financial controls and compliance with laws and regulations together with internally set procedures and guidelines safeguarding shareholders' investments and the Group's assets. The Group's system of risk management and internal control is designed to provide reasonable but not absolute assurance against risks of material errors, fraud or losses from occurring. In view of the limitations that are inherent in any system of risk management and internal control, the Group's system of risk management and internal control is applied to manage rather than to eliminate the risk of failure in achieving the business objectives.

### 3. Internal Audit Function

The Group's Internal Audit function has been outsourced to a firm of consultants ("Internal Auditors").

The internal audit function provides assurance of the effectiveness of the system of risk management and internal control within the Group. The Internal Auditors conduct independent reviews of the key activities within the Group's operating units based on a 2-year Audit Plan which was approved by the Board. The Internal Auditors would report to the Audit Committee on risk and control matters of significance; including suspected fraud, illegal or irregular acts and material misstatements, if any. Any areas identified for improvements during the course of audit are also brought up to the attention of the Audit Committee.

The Audit Committee considers the findings from internal audit and management, before reporting and making recommendations to the Board. The Audit Committee presents its findings to the Board during the quarterly Board meetings.

### 4. Risk Management Framework

The process of determining risks forms part of the Group's internal control environment. As a result, the following initiatives have been undertaken by the management and Board:

- (a) The Group's risk management areas had been identified and the Company's compliance with the principle and best practice was based on the Malaysian Code on Corporate Governance conducted by the external consultants in year 2002. A compliance review of the Malaysian Code on Corporate Governance 2012 was conducted by the Internal Auditors in year 2014. The Board will review the existing risk management practises to ensure that they are appropriate and continues to remain relevant to the Group's requirement;
- (b) A Risk Management Committee ("RMC") comprising the Managing and Executive Directors and senior management was established on 1 October 2003;
- (c) Risk management meetings were held twice a year to update the risks and mitigating controls to produce a detailed risk register. Key risks identified are scored for likelihood of the risks occurring and the magnitude of its impact;



#### 4. Risk Management Framework (cont'd)

(d) Recommendations from the RMC were forwarded to related departments;

(e) Audit Committee reviews the findings of the RMC and risk register of the Group.

The Board has in place a process of identifying, evaluating and managing significant risks encountered by the Group in its achievement of objectives and strategies for the year under review and up to the date of approval of this Statement.

#### 5. Other Risk And Control Processes

Apart from risk management and internal audit, the Board has put in place an organisational structure with the appropriate lines of responsibility, delegation of authority and accountability. The procedures include the establishment of limits of authority coupled with the publication of Safety & Health Manual and Quality Manual which highlights policies on safety and health as well as quality.

Monthly consolidated management accounts and financial analysis are prepared to allow top management to focus on areas of concern. All access to the assets and records of the Group are safeguarded and controlled to reduce the risk of unauthorised use.

The Group's individual operating units are managed by managers who are responsible for the conduct and performance of their businesses in accordance with the organisation's goals. The Group's performance is monitored by the Group Managing Director, Executive Directors and senior management team. Senior management meetings were conducted on quarterly basis to share information, monitor the progress of various operating units and to make decision pertaining to certain operational matters. The Group Managing Director also reports to the Board on significant changes in the business and the external environment. In addition, the Board and Audit Committee also review the quarterly results to monitor the Group's progress towards achieving its objectives. The Chief Financial Officer provides the Board with quarterly financial information. Where areas of improvement in the system of risk management and internal control are identified, the Board considers the recommendations made by the Audit Committee and the Management.

#### 6. Weaknesses In Internal Control That Result In Material Losses

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment which includes credit control management, debts recovery and inventory management.

#### 7. Review Of Effectiveness

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. On-going reviews are carried out by the Board to ensure the effectiveness and adequacy of the Group's risk management and internal control system in safeguarding the shareholders' investments, customers' interest and Group's assets. The Board remains committed and will continue to take measures to strengthen the internal control and risk management environment towards enhancing the system of internal control to support all types of businesses and operations within the OKA Corporation Bhd group of companies.

This statement is made in accordance with the resolution of the Board dated 14 July 2017.



## MANAGEMENT DISCUSSION AND ANALYSIS

Amounts in RM'000 unless otherwise stated	2017	2016	2015	2014	2013
<b>Financial Results</b>					
Revenue	166,673	152,915	163,264	145,421	133,079
Profit Before Tax	37,419	27,027	20,619	18,319	8,203
Profit After Tax	28,297	20,634	14,960	13,382	5,675
Basic Earnings per Share (Sen)	17.77	13.21	9.80	8.83	9.46
Net dividend per Share (RM)	5.50	5.00	4.00	3.00	3.50
<b>Statement of Financial Position</b>					
Non-current Assets	62,751	63,302	64,313	65,329	64,623
Current Assets	136,459	101,518	89,430	79,143	73,785
<b>Total Assets</b>	<b>199,210</b>	<b>164,820</b>	<b>153,743</b>	<b>144,472</b>	<b>138,408</b>
Non-current Liabilities	511	475	390	375	396
Current Liabilities	35,466	26,302	31,666	34,370	40,462
<b>Total Liabilities</b>	<b>35,977</b>	<b>26,777</b>	<b>32,056</b>	<b>34,745</b>	<b>40,858</b>
Share Capital	85,920	79,052	77,746	60,913	60,021
Share Premium	0	1,619	530	16	16
Share Option Reserve	936	460	90	0	0
Fair Value Reserve	3	3	3	3	-1
Retained Profits	76,374	56,908	43,317	48,795	37,514
<b>Total Shareholders' Funds</b>	<b>163,233</b>	<b>138,042</b>	<b>121,686</b>	<b>109,727</b>	<b>97,550</b>
Net Assets per Share (RM)	1.00	0.87	0.78	1.80	1.63

### Business & Operation Overview

The OKA Group ("OKA") started as a family business in the manufacturing and sale of precast concrete products in Malaysia. OKA was first listed on the Second Board of Bursa Malaysia Securities Berhad on 6 June 2002 and was subsequently moved to the Main Board on 30 December 2003. The Group has grown steadily over the years to become one of the largest precast concrete manufacturers in Malaysia today. The Group's activities are principally involved in the manufacturing and sale of precast concrete products.

Our Group has five (5) manufacturing operations positioned at 5 strategic locations throughout Malaysia situated at Batu Gajah, Senai, Nilai, Kuantan and Sungai Petani. Our operations are primarily in Malaysia and the export sales currently make up of less than 3% of our Group's revenue.

OKA's vision is to become the leading integrated manufacturer precast concrete products in South East Asia, to generate sustainable growth and profits and to consistently enhance its stakeholders' value. Its key focus and initiatives are to constantly improving the production process and capacity, innovative product portfolio and differentiation to grow business volume to become the market leader and the preferred brand of the construction sector.

### Financial Review

For the financial year ended 31 March 2017, OKA registered a 9% increase in revenue to RM166.67 million compared to RM152.92 million last year. This improvement was due to the higher contribution from high margin products sold and increase in selling price on certain category of products.



Notwithstanding that revenue has increased by 9% from last year, the cost of sales only marginally increased by 2% due to various cost efficiency improvement initiatives. Distribution expenses increased marginally from RM15.22 million to RM15.79 million, an increase of RM0.57 million. Administrative expenses increased from RM10.34 million to RM12.45 million, an increase of RM2.11 million.

The Group's profit before tax for FYE2017 jumped by a notable 38% to a record RM37.42 million from RM27.03 million previously attributed by higher revenue of RM13.76 million. Correspondingly, the Group's basic Earnings per Share ("EPS") was 17.77 sen as compared to 13.21 sen in the previous financial year.

Although OKA does not have a dividend policy, the Group has been consistently paying dividends over the past financial years. During the FYE 2017, OKA has declared a total single-tier dividend of 5.5 sen per share. A single-tier interim dividend of 2 sen per share has been declared and paid on 26 April 2016. In addition, the Board has proposed a final single-tier dividend of 3.50 sen per share to be paid in respect of the financial year ended 31 March 2017, subject to shareholders' approval at the forthcoming Annual General Meeting.

### **Financial Position**

In FYE 2017, the Group's total assets grew by 21% from RM164.82 million to RM199.21 million mainly due to increase in cash and cash equivalents by RM20.98 million, attributed by net cash generated from operating activities of RM25.34 million. Net cash used in investing activities of RM3.22 million involved primarily acquisition of property, plant and equipment during the year of RM4.49 million, partially mitigated by cash in flow generated from interest in short-term deposits received of RM1.21 million. Financing activities in 2017 recorded a net cash outflow of RM1.14 million due mainly to FYE 2016 dividends paid of RM5.58 million offset by the proceeds from exercise of ESOS of RM4.44 million.

Total liabilities increased by 34% to RM35.98 million as compared to FYE 2016. This was primarily due to increase in trade payables by RM4.27 million coupled with FYE 2017 interim dividend payable of RM3.25 million which was subsequently paid on 26 April 2017.

As at 31 March 2017, the Group's statement of financial position remains strong with no borrowings and the shareholders' funds grew by 18% to RM163.23 million in comparison to the previous financial year.

The Net Assets per Share ("NA") has increased by RM0.13 or 15% arising from net profit for the year of RM28.3 million netted off with the final 2016 dividend of RM5.58 million and interim 2017 dividend of RM3.25 million.

### **Competition Risk**

The Group's business is facing intense market competition on the emergence of new players penetrating into the market coupled with challenges on the local front from intense competition for a share of a smaller pie.

To remain competitive in the market, the Group will reinforce its positioning as one of the market leader and the preferred brand of the construction sector, to continue its focus on increasing production capacity, innovating to fit customers' requirements and applying new technology for products improvements. Quality remained a key focus to ensure that as production ramps up, the end product continues to meet or exceed industry's specifications.

### **Future Outlook and Prospects**

In view of the industrial challenges, with the intense competition from the existing and new players, the government's recent decisions to freeze hiring of new foreign workers, the increase of levy and the erratic prices of raw materials, all industrial players are significantly impacted. In overcoming all these adverse factors, OKA will continue to improve on development of new and innovative products and product quality in order to stay competitive in the market.

Moving forward, with the positive outlook on construction industry supported with mega infrastructure, rising demand for concrete products fuelled by on-going ETP and 11th Malaysia Plan projects, the Group is optimistic and ready for more challenging opportunities. OKA strongly believes the market sector it is operating in is still on the growing path and the Group can expect healthy growth in financial year 2018 and beyond.



## CORPORATE SOCIAL RESPONSIBILITY

Acknowledging the importance of Corporate Social Responsibility, the Group is aware of its obligation to uphold ethical business conduct in its business activities and commit to practice them in an open and transparent manner by focusing on the environment, workplace, community and market place at large.

### The Environment

The Group ensures the business activities are conducted in compliance with the applicable environment regulations and laws at all times. The Group also undertook several initiatives as part of its commitment to preserve the environment. Examples of these initiatives are as follows:

- recycling of scrap and waste materials
- practicing a paperless environment and reduce usage of paper via electronic communication and ERP system
- encouraging employees to switch off non-essential electrical machinery, equipment and appliance when not in use

### Workplace

The Group recognizes the importance of employees as the most valuable asset. Towards this end, the Group constantly enhances employees' job-related skills, knowledge and experience via in-house and external training programmes. This is also complemented by a clear and transparent approach that ensures all employees are fully aware of the Group's business objectives and goals.

The Group is progressively upgrading its factory facilities and infrastructures to provide a conducive working environment and also to uphold its corporate image. The Group is also committed to ensure that safety and health of employees are paramount at all times. This is reflected in the establishment of Safety and Health Committee, tasked to conduct safety preventive measures and training programmes in order to create safety awareness among the employees.

Fostering better ties with employees and improving their quality of life in work areas, has continuously been given importance in OKA's corporate responsibility initiatives.

The Group has constantly carried out various activities to improve the workforce comradeship and strengthen the relationships among the employees:

- organized trip to Shanghai during the year.
- festival celebrations, social dinners, gatherings, yoga and dancing classes through the In-House Social Club.

### The Community

The Group aims to add value to the community by playing their role as a socially responsible corporate citizen and creates business sustainability. The Group carried out various CSR activities during the year :

- supporting local communities through opportunities for local employment via interaction with colleges and universities
- participated in Opportunity Recruitment Program Plan to create awareness among potential employees about available opportunities suitable to them
- donation and frequent visits to "Asrama Bintang Rumah Wanita Cacat" (Infant Jesus Convent) interacting with the residents to show care and concern for their well being
- providing medical treatment and rehoming street puppies in the local communities
- donation to Ray of Hope

### The Market Place

The Group is always looking to increase shareholders' value and is always looking to maximize returns of their investments in the Group. In line with good corporate governance practice, the Group maintains a high level of transparency in dealings with various stakeholders via various communication channels such as face-to-face briefing, regular meeting, timely disclosure to Bursa Securities, annual general meeting and annual report.

The Group is committed to maintain high ethical standards in the areas of marketing and procurement. Customers' feedback and complaints are reviewed on an ongoing basis and used to improve customer service.

The Group also encourages the use of local products or services as opposed to imported ones wherever possible. The Group is building a long term relationship with the suppliers based on the compatibility of their values, product quality and price. This is key to servicing customers' requirement and developing the highest products' quality standards.





## SHARE CAPITAL

Number of Issued Share	:	162,917,000 ordinary shares
Issued Share Capital	:	RM83,347,560
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share
Number of shareholders	:	3,085

## ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	Number of shares	Percentage (%)
Less than 100	136	6,002	0.00
100 to 1,000	294	198,875	0.12
1,001 to 10,000	1,675	8,570,050	5.26
10,001 to 100,000	862	24,643,500	15.13
100,001 to 8,145,849(*)	117	50,726,539	31.14
8,145,850 and above (**)	1	78,772,034	48.35
<b>Total</b>	<b>3,085</b>	<b>162,917,000</b>	<b>100.00</b>

\* - less than 5% of issued shares

\*\* - 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS

Name of substantial Shareholder	Direct interest	Percentage (%)	Deemed interest	Percentage (%)
Ong Koon Ann	82,582,034	50.69	8,975,280#	5.51
Quah Seok Keng	5,775,280	3.55	85,782,034#	52.65

# Deemed interest through their spouses and children's interests in the Company pursuant to Section 8 of the Companies Act, 2016 ("Act").

## DIRECTORS' INTERESTS IN SHARES

Other than as disclosed below, there is no other Director of the Company who has interest, direct or deemed, in the Company and its related corporations.

	Name of Director	Direct interest	Percentage (%)	Deemed interest	Percentage (%)
	<b>Shares in OKA Corporation Bhd</b>				
01	Ong Koon Ann	82,582,034	50.69	#8,975,280	5.51
02	Quah Seok Keng	5,775,280	3.55	#85,782,034	52.65
03	Ong Choo Ian	2,950,000	1.81	-	-
04	Sharifuddin Bin Shoib, <i>AMP</i>	1,755,232	1.08	-	-
05	Chok Hooa @ Chok Yin Fatt, <i>PMP</i>	381,502	0.23	-	-
06	Gan Boon Koo @ Gan Boon Kiu	210,000	0.13	-	-

# Deemed interest through their spouses and children's interests in the Company pursuant to Section 8 of the Act.





## ANALYSIS OF SHAREHOLDINGS (cont'd)

(AS AT 30 JUNE 2017)

### LIST OF THIRTY-TWO LARGEST SHAREHOLDERS

	Name of shareholder	Number of shares	Percentage (%)
01	Ong Koon Ann	78,772,034	48.35
02	Quah Seok Keng	4,391,530	2.70
03	Ong Koon Ann	3,810,000	2.34
04	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB Small Cap Opportunity Unit Trust	3,145,000	1.93
05	Nik Mohamad Pena Bin Nik Mustapha	1,800,000	1.10
06	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	1,700,000	1.04
07	CIMB Group Nominees (Tempatan) Sdn Bhd	1,500,000	0.92
08	Ong Choo Ian	1,500,000	0.92
09	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sharifuddin Bin Shoib (041004)	1,455,232	0.89
10	Ong Choo Ian	1,450,000	0.89
11	Quah Seok Keng	1,383,750	0.85
12	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad For KAF Vision Fund	1,200,000	0.74
13	Yayasan Guru Tun Hussein Onn	1,000,000	0.61
14	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB Emerging Opportunity Unit Trust	857,000	0.53
15	Jailani Bin Abdullah	843,750	0.52
16	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For RHB Growth And Income Focus Trust	803,100	0.49
17	Lai Ka Chee	738,125	0.45
18	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For Asia Humanistic Capital Inc	669,000	0.41
19	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (DGF)	575,000	0.35
20	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ronie Tan Choo Seng (8058147)	500,000	0.31
21	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged securities Account For Ronie Tan Choo Seng (Margin)	500,000	0.31
22	Universal Trustee (Malaysia) Berhad KAF First Fund	500,000	0.31

## ANALYSIS OF SHAREHOLDINGS (cont'd)

(AS AT 30 JUNE 2017)



23	Wan Remlah Binti Abdul Ghani	462,250	0.28
24	Quah Say Hooi	415,000	0.25
25	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For Deutsche Bank AG Singapore (Deutsche Bank Sui Sse S.A)	410,600	0.25
26	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Interpac Dana SAF 1 (50141 TR01)	404,000	0.25
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ronie Tan Choo Seng (8105945)	400,000	0.25
28	Chok Hooa @ Chok Yin Fatt	381,502	0.23
29	Lim Soon Huat	375,000	0.23
30	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ronie Tan Choo Seng (8060347)	350,000	0.21
31	Andrew Lim Cheong Seng	350,000	0.21
32	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Ronie Tan Choo Seng (MY0690)	350,000	0.21
<b>Total</b>		<b>112,991,873</b>	<b>69.33</b>



## LIST OF PROPERTIES

(AS AT 31 MARCH 2017)

Location	Description	Existing Use	Date of Purchase	Date of Valuation	Approximate land/built up area	Tenure	Carrying Amount @ 31 March '17 (RM)
Lot 65305, Hakmilik 110988 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		4.8205 acres	Freehold	
Lot 65306, Hakmilik 110944 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		4.9786 acres	Freehold	
Lot 65315, Hakmilik 110951 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		4.9916 acres	Freehold	
Lot 65316, Hakmilik 110952 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		5.2471 acres	Freehold	
Lot 65317, Hakmilik 110953 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97	29-May-12	4.6377 acres	Freehold	13,387,876
Lot 65318, Hakmilik 110954 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		5.0496 acres	Freehold	
Lot 65319, Hakmilik 110955 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		5.0670 acres	Freehold	
Lot 65320, Hakmilik 110956 Mukim of Sungai Terap, District of Kinta, Kinta, Perak D.R.	Land and factory building	Industrial	26-Jun-97		5.3567 acres	Freehold	
Lot 13699, Title No. Geran 45871 Mukim Sungai Raya, District of Kinta, Perak Darul Ridzuan	Land	Industrial	07-Apr-03	1-Jun-12	10.925 acres	Freehold	765,000
Geran 245335, Lot 305844 Mukim Sg. Terap, Daerah Kinta, Perak Darul Ridzuan	Land and factory building	Industrial	22-Oct-02	29-May-12	9,388.6 m <sup>2</sup>	Leasehold	2,700,001
Lot 6937N, Geran 38231 Town of Ipoh, District of Kinta bearing address No. 585 & 585A, Jalan Kuala Kangsar, Ipoh, Perak Darul Ridzuan	2 1/2 storey shoplot (aged 34 years)	Commercial	05-Mar-83	29-May-12	2,220 ft. <sup>2</sup>	Freehold	242,550
Lot 7683, No. HM00126601 Mukim Setul Daerah Seremban, Negeri Sembilan D.K.	Land	Power Sub-station	14-May-02				
Lot 7682, No. HM00126600 Mukim Setul Daerah Seremban, Negeri Sembilan D.K.	Land	Industrial	14-May-02				
Lot 7685, No. HM00126603 Mukim Setul Daerah Seremban, Negeri Sembilan D.K.	Land and factory building	Industrial	14-May-02				
Lot 7684, No. HM00126602 76995 Mukim Setul Daerah Seremban, Negeri Sembilan D.K.	Land	Industrial	14-May-02				
				29-May-12	25,661.9 m <sup>2</sup>	Freehold	4,798,520

# **LIST OF PROPERTIES (cont'd)** **(AS AT 31 MARCH 2017)**



Location	Description	Existing Use	Date of Purchase	Date of Valuation	Approximate land/built up area	Tenure	Carrying Amount @ 31 March '17 (RM)
Lot 29110, Hakmilik 5904 Mukim Setul Daerah Seremban, Negeri Sembilan Darul Khusus	Land	Industrial	02-Oct-02	29-May-12	8.018 acres	Freehold	743,000
Lot 3731 Hakmilik 68647 Mukim Setul, Daerah Seremban, Negeri Sembilan Darul Khusus	Land	Industrial	29-Mar-05				1,657,000
Hakmilik 1147, Lot 548 Mukim Senai, Kulai, Johor Darul Takzim	Land and factory building	Industrial	25-Sep-02				
H.S.(M) 2473,PTD 37446, Hakmilik 317 Lot 547, Mukim Senai-Kulai, Johor Darul Takzim	Land	Industrial	03-Dec-04	30-May-12	22.3162 acres	Freehold	13,191,286
Lot No. PTD 37445, Title No. HS(M) 2474, Mukim Senai Kulai, Daerah Johor Bahru, Johor D.T.	Land	Industrial	26-Apr-06				
EMR 2612, Lot 515, Mukim Senai-Kulai, Johor Bahru, Johor Darul Takzim	Land	Industrial	06-Aug-09	30-May-12	8.312 acres	Freehold	4,450,000
Lot 2917 Geran No.5781 Mukim Kuala Kuantan, Daerah Kuantan, Pahang D.M.	Land and factory building	Industrial	19-Jun-06	31-May-12	16.496 acres	Freehold	2,884,756
Lot 986 & Lot 2354 Hakmilik 1524 & Hakmilik 1525 Mukim Kuala Kuantan, Daerah Kuantan, Pahang D.M.	Land	Industrial	20-Nov-03	31-May-12	7.934 acres	Freehold	1,350,000
H.S.(D) 72875 No. PT583 Pekan Bukit Selambau, Daerah Kuala Muda, Kedah Darul Aman	Land and factory building	Industrial	17-Oct-08	04-Jun-12	39,355 m <sup>2</sup>	Freehold	3,333,789
H.S.(D) 72876 No. PT584 Pekan Bukit Selambau, Daerah Kuala Muda, Kedah Darul Aman	Land	Industrial	12-May-09	04-Jun-12	8,845 m <sup>2</sup>	Freehold	385,000
Parcel No. CHCC/C29-3, 2 <sup>nd</sup> Floor, Block C29, Cheong Hin Commercial City, Master title HP.N. 12108, Lot No.202, Pekan Serdang (formerly HS(D) 114427 PT No.39750, Pekan Serdang Tambahan), Selangor D.E.	Shoplot	Commercial	01-Aug-11	31-May-12	143 m <sup>2</sup>	Leasehold (ending 28-Sep- 2096)	206,617
Parcel No NW-02-30, Cova Square Jalan Teknologi, Kota Damansara, PIU5, 47810 Petaling Jaya. Selangor, Master title PN. 80337, Lot 54636, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan.	Shoplot	Commercial	18-Feb-14	NIL	68,841 m <sup>2</sup> (741 ft. <sup>2</sup> )	Leasehold	254,742
<b>TOTAL</b>							<b>50,350,137</b>



OKA CORPORATION BHD  
(519941-H)  
(Incorporated in Malaysia)

# REPORTS & FINANCIAL STATEMENTS

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## RESULTS

	GROUP RM	COMPANY RM
Profit for the year attributable to owners of the Company	28,296,576	7,366,411

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 March 2016 as reported in the Directors' Report of that year:
  - a first and final single-tier dividend of 3.50 sen per ordinary share totalling RM5,576,760 was declared on 28 July 2016 and paid on 18 November 2016.
- ii) In respect of the financial year ended 31 March 2017:
  - an interim single-tier dividend of 2 sen per ordinary share totalling RM3,254,300 was declared on 16 March 2017 and paid on 26 April 2017.

A final single-tier dividend recommended by the Directors in respect of the financial year ended 31 March 2017 is 3.5 sen per ordinary share, subject to the approval of shareholders at the forthcoming Annual General Meeting.

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Sharifuddin Bin Shoib, <i>AMP</i>	Ong Koon Ann	Quah Seok Keng
Chok Hooa @ Chok Yin Fatt, <i>PMP</i>	Gan Boon Koo @ Gan Boon Kiu	Ong Choo Ian

## DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the ordinary shares and options over ordinary shares of the Company of those who were Directors at financial year end (including the interests of the children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				Balance at 31.3.2017
	Balance at 1.4.2016	Exercise of options	Bought	(Sold)	
<b>Direct interest in the Company:</b>					
Sharifuddin Bin Shoib, <i>AMP</i>					
- own	1,655,232	100,000	-	-	1,755,232
Ong Koon Ann					
- own	82,011,034	571,000	-	-	82,582,034
- others*	125,000	125,000	-	-	250,000
Quah Seok Keng					
- own	5,204,280	571,000	-	-	5,775,280
- others*	125,000	125,000	-	-	250,000





## DIRECTORS' REPORT (cont'd)

### FOR THE YEAR ENDED 31 MARCH 2017

#### DIRECTORS' INTERESTS IN SHARES (cont'd)

	Number of ordinary shares				Balance at 31.3.2017
	Balance at 1.4.2016	Exercise of options	Bought	(Sold)	
Chok Hooa @ Chok Yin Fatt, <i>PMP</i>					
- own	621,102	130,000	10,400	(330,000)	431,502
Ong Choo Ian					
- own	3,100,000	571,000	-	(271,000)	3,400,000
Gan Boon Koo @ Gan Boon Kiu					
- own	200,000	130,000	-	(100,000)	230,000

#### Deemed interest in the Company:

Ong Koon Ann	8,429,280	1,267,000	-	(271,000)	9,425,280
Quah Seok Keng	85,236,034	1,267,000	-	(271,000)	86,232,034

	Option price	Number of options over ordinary shares				Balance at 31.3.2017
		Balance at 1.4.2016	Granted/ Allocated	Exercised	Forfeited	
Ong Koon Ann	1.13	-	571,000	(571,000)	-	-
Chok Hooa @ Chok Yin Fatt	1.13	-	130,000	(130,000)	-	-
Sharifuddin Bin Shoib, <i>AMP</i>	1.13	-	130,000	(100,000)	-	30,000
Gan Boon Koo @ Gan Boon Kiu	1.13	-	130,000	(130,000)	-	-
Quah Seok Keng	1.13	-	571,000	(571,000)	-	-
Ong Choo Ian	1.13	-	571,000	(571,000)	-	-

\* Miss Ong Ee Dith is the daughter of Mr. Ong Koon Ann and Madam Quah Seok Keng. In accordance with Section 59(1)(c) of the Companies Act, 2016, the interest and deemed interests of Miss Ong Ee Dith in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Mr. Ong Koon Ann and Madam Quah Seok Keng also.

By virtue of their interests in the shares of the Company, Mr. Ong Koon Ann and Madam Quah Seok Keng are also deemed interested in the shares of all subsidiaries during the financial year to the extent that the Company has an interest.

#### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 23 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Executives' Share Option Scheme ("ESOS").



## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued :

- (i) 267,000 new ordinary shares of RM0.63 each for cash arising from the exercise of executives' share options at an exercise price of RM0.63 per ordinary share;
- (ii) 1,273,500 new ordinary shares of RM0.86 each for cash arising from the exercise of executives' share options at an exercise price of RM0.86 per ordinary share; and
- (iii) 2,810,200 new ordinary shares of RM1.13 each for cash arising from the exercise of executives' share options at an exercise price of RM1.13 per ordinary share.

There were no other changes in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At an extraordinary general meeting held on 28 August 2014, the Company's shareholders approved the establishment of the new ESOS involving up to 15% of the issued and paid-up share capital of the Company to eligible Directors and employees of the Group.

The options offered to take up unissued shares and the option prices are as follows:

Date of offer	Option price	Number of options over ordinary shares				Balance at 31.3.2017
		Balance at 1.4.2016	Granted/Allocated	Exercised	Rejected/Forfeited	
5.1.2015	RM0.63	415,000	-	(267,000)	(20,000)	128,000
5.1.2016	RM0.86	1,562,500	-	(1,273,500)	(20,000)	269,000
5.1.2017	RM1.13	-	4,288,500	(2,810,200)	-	1,478,300
		1,977,500	4,288,500	(4,350,700)	(40,000)	1,875,300

The salient features of the scheme are, *inter alia*, as follows:

- (a) The maximum number of new shares which may be available under the scheme shall not in aggregate exceed more than 15% of the issued and paid-up share capital of the Company at any one time.
- (b) Eligible executives are executive employees (including Executive Directors and Non-Executive Directors) of any company (which is not dormant) within the Group who are citizens or resident of Malaysia, at least 18 years of age on 5 January 2015 and must have been employed for a continuous period of at least two (2) years in the Group prior to and up to the date of offer, excluding service during the probation period.
- (c) No eligible executives are allowed to participate in more than one ESOS implemented by any company within the Group.
- (d) The maximum number of new shares that may be offered and allotted to an eligible executive shall be determined at the discretion of the ESOS Committee after taking into consideration the performance, seniority and years of service and such other offer factors that the ESOS Committee may deem relevant.
- (e) The option price shall be the higher of the price to be determined by the ESOS Committee based on the five (5)-day weighted average market price of the Company's shares as shown in the daily official list of Bursa Malaysia Securities Berhad immediately preceding the offer date of the option, with a discount of not more than 10% or the par value of the Company's shares.
- (f) All remaining unexercised options shall lapse and/or be deemed to be cancelled and cease to be exercisable upon the cessation of employment with a company of the Group, upon winding up or liquidation of the Company or upon bankruptcy of the employee.
- (g) The ESOS shall continue to be in force for a period of five (5) years from 5 January 2015 and the Board of Directors shall have the discretion to extend the duration for a maximum of five (5) years.



## **DIRECTORS' REPORT (cont'd)**

### **FOR THE YEAR ENDED 31 MARCH 2017**

#### **INDEMNITY AND INSURANCE COSTS**

During the year, the total amount of insurance cost effected for Directors or officers of the Company is RM10,000.

There was no indemnity given to Directors or officers of the Company during the financial year.

#### **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2017 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

#### **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The details of the significant event during the financial year are disclosed in Note 26 to the financial statements.



## **AUDITORS**

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 15 to the financial statements.

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

.....  
SHARIFUDDIN BIN SHOIB, *AMP*  
Director

.....  
ONG KOON ANN  
Director

IPOH  
Date: 14 July 2017



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	2017 RM	2016 RM
<b>Assets</b>			
Property, plant and equipment	3	62,291,657	62,832,538
Investment property	4	449,167	459,167
Other investments	6	10,380	10,380
<b>Total non-current assets</b>		<b>62,751,204</b>	<b>63,302,085</b>
Inventories	7	38,458,649	31,132,594
Receivables, deposits and prepayments	8	48,820,897	42,181,007
Current tax assets		9,141	10,780
Cash and cash equivalents	9	49,170,065	28,193,087
<b>Total current assets</b>		<b>136,458,752</b>	<b>101,517,468</b>
<b>Total assets</b>		<b>199,209,956</b>	<b>164,819,553</b>
<b>Equity</b>			
Share capital	10	85,920,312	79,051,750
Share premium	10	-	1,618,509
Retained profits		76,373,731	56,908,215
Share option reserve	10	935,715	460,271
Fair value reserve	10	3,380	3,380
<b>Total equity attributable to owners of the Company</b>		<b>163,233,138</b>	<b>138,042,125</b>
<b>Liabilities</b>			
Deferred tax liabilities	11	510,609	474,948
<b>Total non-current liabilities</b>		<b>510,609</b>	<b>474,948</b>
Payables and accruals	12	31,305,671	23,823,743
Current tax liabilities		4,160,538	2,478,737
<b>Total current liabilities</b>		<b>35,466,209</b>	<b>26,302,480</b>
<b>Total liabilities</b>		<b>35,976,818</b>	<b>26,777,428</b>
<b>Total equity and liabilities</b>		<b>199,209,956</b>	<b>164,819,553</b>

The notes on pages 53 to 93 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017



	Note	2017 RM	2016 RM
<b>Revenue</b>	13	<b>166,672,857</b>	152,914,510
Cost of sales		(104,656,943)	(102,772,531)
<b>Gross profit</b>		<b>62,015,914</b>	50,141,979
Distribution expenses		(15,788,976)	(15,215,736)
Administrative expenses		(12,449,794)	(10,343,061)
Other operating expenses		(119,500)	-
Other operating income		2,461,013	1,941,758
<b>Results from operating activities</b>		<b>36,118,657</b>	26,524,940
Finance costs	14	(1,552)	-
Interest income		1,302,371	502,476
<b>Profit before tax</b>	15	<b>37,419,476</b>	27,027,416
Income tax expense	17	(9,122,900)	(6,392,926)
<b>Profit after tax representing total comprehensive income for the year</b>		<b>28,296,576</b>	20,634,490
Earnings per ordinary share:			
Basic (sen)	18	17.77	13.21
Diluted (sen)	18	17.72	13.20

The notes on pages 53 to 93 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 Company →						
← Non-distributable →				Distributable		
Note	Share capital RM	Share premium RM	Share option reserve RM	Fair value reserve RM	Retained profits RM	Total equity RM
<b>At 1 April 2015</b>	77,745,750	530,140	90,020	3,380	43,317,117	121,686,407
Profit after tax representing total comprehensive income for the year	-	-	-	-	20,634,490	20,634,490
Dividends to owners of the Company	19	-	-	-	(7,043,392)	(7,043,392)
Share-based payments	-	-	579,595	-	-	579,595
Issue of new ordinary shares of RM0.50 each pursuant to ESOS	1,306,000	879,025	-	-	-	2,185,025
Total transactions with owners of the Company	1,306,000	879,025	579,595	-	(7,043,392)	(4,278,772)
Transfer to share premium for share options exercised	-	209,344	(209,344)	-	-	-
<b>At 31 March 2016</b>	79,051,750	1,618,509	460,271	3,380	56,908,215	138,042,125
<b>At 1 April 2016</b>	79,051,750	1,618,509	460,271	3,380	56,908,215	138,042,125
Profit after tax representing total comprehensive income for the year	-	-	-	-	28,296,576	28,296,576
Dividends to owners of the Company	19	-	-	-	(8,831,060)	(8,831,060)
Share-based payments	20	-	1,286,550	-	-	1,286,550
Issue of new ordinary shares of RM0.50 each pursuant to ESOS	10	832,250	613,730	-	-	1,445,980
Issue of new ordinary shares pursuant to ESOS	10	2,992,967	-	-	-	2,992,967
Total transactions with owners of the Company	3,825,217	613,730	1,286,550	-	(8,831,060)	(3,105,563)
Transfer to share premium for share options exercised	-	383,886	(383,886)	-	-	-
Transfer pursuant to S618(2) of Companies Act 2016	2,616,125	(2,616,125)	-	-	-	-
Transfer to share capital for share option exercised	427,220	-	(427,220)	-	-	-
<b>At 31 March 2017</b>	85,920,312	-	935,715	3,380	76,373,731	163,233,138

Note 10

The notes on pages 53 to 93 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>			
Profit before tax		37,419,476	27,027,416
<i>Adjustments for:</i>			
Depreciation of investment property	4	10,000	10,833
Depreciation of property, plant and equipment	3	4,845,879	5,461,195
Plant and equipment written off	15	7,739	11,078
Finance costs	14	1,552	-
Loss/(gain) on disposal of plant and equipment	15	119,500	(5,193)
Equity settled share-based payment transactions	15	1,286,550	579,595
Interest income	15	(1,211,731)	(391,622)
Overdue interest income	15	(90,640)	(110,854)
Dividend income	15	(525)	(648)
<b>Operating profit before changes in working capital</b>		42,387,800	32,581,800
Changes in working capital:			
Receivables, deposits and prepayments		(6,639,890)	4,429,547
Inventories		(7,326,055)	5,141,385
Payables and accruals		4,227,628	(5,927,419)
<b>Cash generated from operations</b>		32,649,483	36,225,313
Income tax paid		(7,403,799)	(5,030,123)
Overdue interest received		90,640	110,854
<b>Net cash from operating activities</b>		25,336,324	31,306,044
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	3	(4,497,237)	(4,474,253)
Dividend income received		525	648
Proceeds from disposal of plant and equipment		65,000	6,915
Short-term deposits interest received		1,211,731	391,622
<b>Net cash used in investing activities</b>		(3,219,981)	(4,075,068)



# **CONSOLIDATED STATEMENT OF CASH FLOWS** (cont'd) **FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 RM	2016 RM
<b>Cash flows from financing activities</b>			
Dividends paid		(5,576,760)	(7,043,392)
Interest paid		(1,552)	-
Proceeds from issue of shares		4,438,947	2,185,025
Repayment of bankers' acceptances and revolving credit		-	(700,000)
<b>Net cash used in financing activities</b>		<b>(1,139,365)</b>	<b>(5,558,367)</b>
<b>Net increase in cash and cash equivalents</b>		<b>20,976,978</b>	<b>21,672,609</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>28,174,337</b>	<b>6,501,728</b>
<b>Cash and cash equivalents at end of year</b>	<b>A</b>	<b>49,151,315</b>	<b>28,174,337</b>

## **A Cash and cash equivalents**

Cash and cash equivalents included in the consolidated statement of cash flows is net of fixed deposits pledged with a licensed bank and comprise the following statement of financial position amounts:

	Note	2017 RM	2016 RM
Fixed deposits placed with a licensed bank		18,750	18,750
Less: Pledged deposits	9	(18,750)	(18,750)
		-	-
Short-term funds placed with financial institutions	9	45,841,906	23,752,253
Cash and bank balances	9	3,309,409	4,422,084
		<b>49,151,315</b>	<b>28,174,337</b>

The notes on pages 53 to 93 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>			
Property, plant and equipment	3	1,592,011	1,592,011
Investment property	4	7,635,000	7,635,000
Investments in subsidiaries	5	29,091,076	28,624,276
<b>Total non-current assets</b>		<b>38,318,087</b>	37,851,287
Receivables, deposits and prepayments	8	57,587,603	50,474,079
Current tax assets		9,141	10,780
Cash and cash equivalents	9	105,390	61,322
<b>Total current assets</b>		<b>57,702,134</b>	50,546,181
<b>Total assets</b>		<b>96,020,221</b>	88,397,468
<b>Equity</b>			
Share capital	10	85,920,312	79,051,750
Share premium	10	-	1,618,509
Share option reserve	10	935,715	460,271
Retained profits		5,365,596	6,830,245
<b>Total equity attributable to owners of the Company</b>		<b>92,221,623</b>	87,960,775
<b>Current liabilities</b>			
Payables and accruals	12	3,798,598	436,693
<b>Total liabilities</b>		<b>3,798,598</b>	436,693
<b>Total equity and liabilities</b>		<b>96,020,221</b>	88,397,468

The notes on pages 53 to 93 are an integral part of these financial statements.



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 RM	2016 RM
<b>Revenue</b>	13	<b>9,000,000</b>	8,000,000
Administrative expenses		<b>(4,573,655)</b>	(3,548,460)
Other operating income		<b>2,940,066</b>	2,940,060
<b>Profit before tax</b>	15	<b>7,366,411</b>	7,391,600
Income tax expense	17	-	33,276
<b>Profit after tax representing total comprehensive income for the year</b>		<b>7,366,411</b>	7,424,876

The notes on pages 53 to 93 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 Company →					
← Non-distributable →			Distributable		
Note	Share capital RM	Share premium RM	Share option reserve RM	Retained profits RM	Total equity RM
<b>At 1 April 2015</b>	77,745,750	530,140	90,020	6,448,761	84,814,671
Profit after tax representing total comprehensive income for the year	-	-	-	7,424,876	7,424,876
Dividends to owners of the Company	-	-	-	(7,043,392)	(7,043,392)
Share-based payments	-	-	579,595	-	579,595
Issue of new ordinary shares of RM0.50 each pursuant to ESOS	1,306,000	879,025	-	-	2,185,025
Total transactions with owners of the Company	1,306,000	879,025	579,595	(7,043,392)	(4,278,772)
Transfer to share premium for share options exercised	-	209,344	(209,344)	-	-
<b>At 31 March 2016/1 April 2016</b>	79,051,750	1,618,509	460,271	6,830,245	87,960,775
Profit after tax representing total comprehensive income for the year	-	-	-	7,366,411	7,366,411
Dividends to owners of the Company	-	-	-	(8,831,060)	(8,831,060)
Share-based payments	-	-	1,286,550	-	1,286,550
Issue of new ordinary shares of RM0.50 each pursuant to ESOS	832,250	613,730	-	-	1,445,980
Issue of new ordinary shares pursuant to ESOS	2,992,967	-	-	-	2,992,967
Total transactions with owners of the Company	3,825,217	613,730	1,286,550	(8,831,060)	(3,105,563)
Transfer to share premium for share options exercised	-	383,886	(383,886)	-	-
Transfer pursuant to S618(2) of Companies Act 2016	2,616,125	(2,616,125)	-	-	-
Transfer to share capital for share options exercised	427,220	-	(427,220)	-	-
<b>At 31 March 2017</b>	85,920,312	-	935,715	5,365,596	92,221,623
Note 10					

The notes on pages 53 to 93 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>			
Profit before tax		7,366,411	7,391,600
<i>Adjustments for:</i>			
Dividend income	15	(9,000,000)	(8,000,000)
Impairment loss on amount due from subsidiaries	15	36,000	36,000
Equity settled share-based payment transactions	20	819,750	262,370
<b>Operating loss before changes in working capital</b>		<b>(777,839)</b>	<b>(310,030)</b>
Changes in working capital:			
Receivable, deposits and prepayments		(2,461)	-
Payables and accruals		107,605	47,121
Amount due from subsidiaries		(3,587,063)	(911,477)
<b>Cash used in operations</b>		<b>(4,259,758)</b>	<b>(1,174,386)</b>
Income tax refund		1,639	35,146
Dividend received		8,000,000	7,000,000
<b>Net cash from operating activities</b>		<b>3,741,881</b>	<b>5,860,760</b>
<b>Cash flows from investing activity</b>			
Advances to a subsidiary		(2,560,000)	(1,180,000)
<b>Net cash used in investing activity</b>		<b>(2,560,000)</b>	<b>(1,180,000)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(5,576,760)	(7,043,392)
Proceeds from issue of shares		4,438,947	2,185,025
<b>Net cash used in financing activities</b>		<b>(1,137,813)</b>	<b>(4,858,367)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>44,068</b>	<b>(177,607)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>61,322</b>	<b>238,929</b>
<b>Cash and cash equivalents at end of year</b>	<b>A</b>	<b>105,390</b>	<b>61,322</b>

### A Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Note	2017 RM	2016 RM
Cash and bank balances	9	105,390	61,322

The notes on pages 53 to 93 are an integral part of these financial statements.



OKA Corporation Bhd is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

**Registered office and principal place of business**

6 Lebuhraya Chateau  
Off Persiaran Kampar  
30250 Ipoh  
Perak Darul Ridzuan

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 March 2017 do not include other entities.

The principal activity of the Company is that of investment holding and the principal activities of the subsidiaries are stated in Note 5 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 July 2017.

**1. BASIS OF PREPARATION**

**1.1 Statement of compliance**

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company :

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses.*



## 1. BASIS OF PREPARATION (cont'd)

### 1.1 Statement of compliance (cont'd)

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, as applicable.
- from the annual period beginning on 1 April 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, as applicable; and
- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.



## 1. BASIS OF PREPARATION (cont'd)

### 1.1 Statement of compliance (cont'd)

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

#### (i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

#### (ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

### 1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

### 1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

### 1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 7 – Inventories and Note 8 – Receivables, deposits and prepayments.



## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### 2.1 Basis of consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities, including structured 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.

The Group controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

#### (ii) *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.

For new acquisitions, 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.

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.

#### (iii) *Loss of control*

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



## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

### **2.1 Basis of consolidation (cont'd)**

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

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

### **2.2 Financial instruments**

#### ***(i) Initial recognition and measurement***

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

#### ***(ii) Financial instrument categories and subsequent measurement***

The Group and the Company categorise financial instruments as follows:

##### ***Financial assets***

##### ***(a) Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables, cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### ***(b) Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2.8 (i)).

##### ***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost.





## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Financial instruments (cont'd)

#### *(iii) Financial guarantee contracts*

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

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### *(iv) Regular way purchase or sale of financial assets*

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

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

#### *(v) Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Property, plant and equipment

#### (i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost less any accumulated impairment losses. All other property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Long term leasehold land	99 years
Factory buildings	50 years
Plant and machinery	5 years
Factory equipment	5 years
Motor vehicles	5 years
Electrical installation	10 years
Office equipment	5 - 10 years
Furniture and fittings	20 years

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2.3.

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Leasehold land is depreciated over the lease term and freehold land is not depreciated.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

### 2.5 Leased assets

#### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Leased assets (cont'd)

#### (ii) *Operating lease*

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

### 2.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

### 2.7 Cash and cash equivalents

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

### 2.8 Impairment

#### (i) *Financial assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial assets is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.8 Impairment (cont'd)

#### (i) *Financial assets (cont'd)*

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### (ii) *Other assets*

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (groups of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.



## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

### **2.9 Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### **(i) Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### **(ii) Ordinary shares**

Ordinary shares are classified as equity.

### **2.10 Revenue and other income**

#### **(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and discounts. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### **(ii) Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### **(iii) Management fee**

Management fee is recognised in profit or loss for services rendered, including professional and management advice, marketing, management information system and accounting services and administrative matters to the subsidiaries.

#### **(iv) Rental income**

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

#### **(v) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.





## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.11 Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

### 2.12 Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 2.13 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.13 Foreign currency transactions (cont'd)

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

### 2.14 Employee benefits

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

Short-term employee benefit obligations in respect of salaries and wages, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) *State plans*

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (iii) *Share-based payment transactions*

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee share options is measured using a trinomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### 2.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.16 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### 2.17 Operating segments

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

### 2.18 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 2.19 Fair value measurements

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

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

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

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

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



## 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings (Note 3.1) RM	Plant and machinery, factory equipment and office equipment RM	Furniture, fittings, motor vehicles and electrical installation RM	Capital work-in-progress RM	Total RM
<b>At cost</b>					
At 1 April 2015	51,648,870	69,433,883	7,780,206	743,965	129,606,924
Additions	45,378	1,642,641	934,779	1,851,455	4,474,253
Reclassification	-	586,510	-	(586,510)	-
Disposal	-	-	(76,848)	-	(76,848)
Write-off	-	(27,648)	(2,600)	-	(30,248)
At 31 March 2016/1 April 2016	51,694,248	71,635,386	8,635,537	2,008,910	133,974,081
Additions	17,583	1,383,586	1,267,988	1,828,080	4,497,237
Reclassification	143,238	1,015,384	-	(1,158,622)	-
Disposal	-	-	(205,000)	-	(205,000)
Write-off	-	(659,990)	(291,884)	-	(951,874)
At 31 March 2017	51,855,069	73,374,366	9,406,641	2,678,368	137,314,444
<b>Accumulated depreciation</b>					
At 1 April 2015	1,227,583	57,883,991	6,663,070	-	65,774,644
Depreciation for the year	355,129	4,683,171	422,895	-	5,461,195
Disposal	-	-	(75,126)	-	(75,126)
Write-off	-	(17,741)	(1,429)	-	(19,170)
At 31 March 2016/1 April 2016	1,582,712	62,549,421	7,009,410	-	71,141,543
Depreciation for the year	354,387	3,923,522	567,970	-	4,845,879
Reclassification	17,000	(17,000)	-	-	-
Disposal	-	-	(20,500)	-	(20,500)
Write-off	-	(652,794)	(291,341)	-	(944,135)
At 31 March 2017	1,954,099	65,803,149	7,265,539	-	75,022,787
<b>Carrying amounts</b>					
At 1 April 2015	50,421,287	11,549,892	1,117,136	743,965	63,832,280
At 31 March 2016/ 1 April 2016	50,111,536	9,085,965	1,626,127	2,008,910	62,832,538
At 31 March 2017	49,900,970	7,571,217	2,141,102	2,678,368	62,291,657



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

### 3.1 Land and buildings

GROUP	Long term leasehold land RM	Freehold factory land RM	Factory buildings RM	Total RM
<b>At cost</b>				
At 1 April 2015	1,100,000	36,015,321	14,533,549	51,648,870
Additions	-	-	45,378	45,378
At 31 March 2016/ 1 April 2016	1,100,000	36,015,321	14,578,927	51,694,248
Additions	-	-	17,583	17,583
Reclassification	-	-	143,238	143,238
At 31 March 2017	1,100,000	36,015,321	14,739,748	51,855,069
<b>Accumulated depreciation</b>				
At 1 April 2015	37,825	-	1,189,758	1,227,583
Depreciation for the year	12,705	-	342,424	355,129
At 31 March 2016/ 1 April 2016	50,530	-	1,532,182	1,582,712
Depreciation for the year	13,005	-	341,382	354,387
Reclassification	-	-	17,000	17,000
At 31 March 2017	63,535	-	1,890,564	1,954,099
<b>Carrying amounts</b>				
At 1 April 2015	1,062,175	36,015,321	13,343,791	50,421,287
At 31 March 2016/ 1 April 2016	1,049,470	36,015,321	13,046,745	50,111,536
At 31 March 2017	1,036,465	36,015,321	12,849,184	49,900,970

Leasehold land of the Group is with unexpired lease period of more than 50 years.



**3. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

<b>COMPANY</b>	<b>Freehold land RM</b>	<b>Office equipment RM</b>	<b>Total RM</b>
<b>At cost</b>			
At 1 April 2015, 31 March 2016/1 April 2016 and 31 March 2017	1,592,000	387,224	1,979,224
<b>Accumulated depreciation</b>			
At 1 April 2015, 31 March 2016/1 April 2016 and 31 March 2017	-	387,213	387,213
<b>Carrying amounts</b>			
At 1 April 2015	1,592,000	11	1,592,011
At 31 March 2016/1 April 2016	1,592,000	11	1,592,011
At 31 March 2017	1,592,000	11	1,592,011

The title deeds for certain freehold land of the Group and the Company are still in the process of being transferred to the Company's and the subsidiary's name. The carrying amounts of these land of the Group and of the Company are RM4,450,000 (2016: RM9,607,000) and RM1,592,000 (2016: RM1,592,000) respectively.

**4. INVESTMENT PROPERTY**

	<b>GROUP RM</b>	<b>COMPANY RM</b>
<b>At cost</b>		
At 1 April 2015, 31 March 2016/1 April 2016 and 31 March 2017	570,000	7,635,000
<b>Accumulated depreciation</b>		
At 1 April 2015	100,000	-
Depreciation for the year (Note 15)	10,833	-
At 31 March 2016/1 April 2016	110,833	-
Depreciation for the year (Note 15)	10,000	-
At 31 March 2017	120,833	-
<b>Carrying amounts</b>		
At 1 April 2015	470,000	7,635,000
At 31 March 2016/1 April 2016	459,167	7,635,000
At 31 March 2017	449,167	7,635,000





# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 4. INVESTMENT PROPERTY (cont'd)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Included in the above are:				
Freehold land	-	-	7,635,000	7,635,000
Buildings	449,167	459,167	-	-

The title deeds for certain investment properties of the Group and the Company are still being processed by the relevant authorities. The carrying amounts of these investment properties of the Group and the Company are RM206,617 (2016: RM211,217) and RM4,450,000 (2016: RM4,450,000) respectively.

The fair value of the investment property as at 31 March 2017 is classified as level 3 of the fair value hierarchy. Based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued, the fair values of the investment properties of the Group and of the Company are RM780,000 (2016 : RM780,000) and RM12,800,000 (2016 : RM12,780,000) respectively.

### *Estimation uncertainty and key assumptions*

The Directors estimate the fair value of the Group's investment property based on the following key assumptions:

- Comparison of the Group's investment property with similar properties that were listed for sale within the same locality or other comparable localities;
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

The following are recognised in profit or loss in respect of investment property:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	15,750	22,100	540,000	540,000
Direct operating expenses:				
- income generating investment property	1,982	1,107	35,525	12,274



## 5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM	2016 RM
At cost:		
Unquoted shares at cost	<u>29,091,076</u>	<u>28,624,276</u>

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2017	2016	
<b>Direct subsidiary</b>				
OKA Concrete Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of pre-cast concrete products
<b>Held by OKA Concrete Industries Sdn. Bhd.</b>				
OKA Readymixed Concrete Sdn. Bhd.	Malaysia	100%	100%	Trading of readymixed concrete
OKA Engineering and Trading Sdn. Bhd.	Malaysia	100%	100%	Manufacture of hard drawn wires, fabrication of mould and trading of pre-stressed concrete piles
Real Charisma Sdn. Bhd.*	Malaysia	100%	100%	Provision of transportation and other related services
Pembinaan Cahaya Emas Sdn. Bhd.*	Malaysia	100%	100%	Supplier of manual labour to perform contracted jobs and other related services
OKA Steel Sdn. Bhd.*	Malaysia	100%	-	Manufacture of steel products, hard drawn wire, straight bars, wire mesh

\* Not audited by KPMG PLT.

## 6. OTHER INVESTMENTS

	GROUP	
	2017 RM	2016 RM
<b>Non-current</b>		
<b>Available-for-sale financial assets</b>		
Quoted shares in Malaysia - at fair value	<u>10,380</u>	<u>10,380</u>
Market value:		
Quoted shares in Malaysia	<u>10,380</u>	<u>10,380</u>



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 7. INVENTORIES

	GROUP	
	2017 RM	2016 RM
Raw materials	14,055,740	6,473,407
Finished goods	24,402,909	24,659,187
	<b>38,458,649</b>	<b>31,132,594</b>
Recognised in profit or loss :		
Inventories recognised as cost of sales	107,970,060	105,399,635
Reversal of write-down	(1,599,837)	-

The write-down of finished goods is made based on the analysis of the aging of finished goods as well as the analysis of the potential obsolescence due to low demand by customers following the completion of projects and for inventories with odd sizes or in loose quantities.

## 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		GROUP		COMPANY	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current</b>					
<b>Trade</b>					
Trade receivables	a	48,321,474	41,519,143	-	-
<b>Non-trade</b>					
Other receivables	b	13,161	29,639	2,461	-
Deposits		387,871	475,871	1,000	1,000
Prepayments		98,391	156,354	-	-
		<b>499,423</b>	<b>661,864</b>	<b>3,461</b>	<b>1,000</b>
Amount due from subsidiaries	c	-	-	48,584,142	42,473,079
Dividend receivable		-	-	9,000,000	8,000,000
<b>Total</b>		<b>48,820,897</b>	<b>42,181,007</b>	<b>57,587,603</b>	<b>50,474,079</b>

### Note a

The Group makes impairment loss on trade receivables, if necessary, based on the analysis of the aging of trade receivables, taking into consideration past payment trend of the customers.

### Note b

Other receivables of the Group and of the Company is shown net of impairment loss of RM344,333 (2016: RM344,333).

### Note c

The amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.



**9. CASH AND CASH EQUIVALENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Short-term funds placed with financial institutions	<b>45,841,906</b>	23,752,253	-	-
Fixed deposit placed with a licensed bank	<b>18,750</b>	18,750	-	-
Cash and bank balances	<b>3,309,409</b>	4,422,084	<b>105,390</b>	61,322
	<b>49,170,065</b>	28,193,087	<b>105,390</b>	61,322

The fixed deposit of the Group amounting to RM18,750 (2016: RM18,750 placed with a licensed bank is pledged for bank facilities granted to one of the subsidiaries of the Company).

**10. SHARE CAPITAL AND RESERVES**

	<b>GROUP/COMPANY</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Amount RM</b>	<b>Number of shares</b>	<b>Amount RM</b>	<b>Number of shares</b>
<b>Share capital</b>				
Issued and fully paid shares classified as equity instruments:				
Ordinary shares (2016 : RM0.50) each				
At 1 April 2016/2015	<b>79,051,750</b>	158,103,500	<b>77,745,750</b>	155,491,500
Issue of new ordinary shares of RM0.50 each pursuant to ESOS (Note 10.1)	<b>832,250</b>	1,664,500	<b>1,306,000</b>	2,612,000
Issue of new ordinary shares pursuant to ESOS (Note 10.1)	<b>2,992,967</b>	2,686,200	-	-
Transfer of share premium in accordance with Section 618(2) of the Companies Act, 2016 (Note 10.2)	<b>2,616,125</b>	-	-	-
Transfer to share capital for share options exercised	<b>427,220</b>	-	-	-
	<b>6,868,562</b>	4,350,700	<b>1,306,000</b>	2,612,000
At 31 March	<b>85,920,312</b>	162,454,200	<b>79,051,750</b>	158,103,500

**Note 10.3**



### 10. SHARE CAPITAL AND RESERVES (cont'd)

10.1 During the financial year, the Company issued 267,000 (2016 : 266,500), 1,273,500 (2016: 2,345,500) and 2,810,200 new ordinary shares for cash arising from the exercise of ESOS at an exercise price of RM0.63 (2016 : RM0.63), RM0.86 (2016 : RM0.86) and RM1.13 per ordinary share, respectively.

10.2 In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

10.3 Included in share capital is share premium amounting to RM2,616,125 that is available to be utilised in accordance with Section 618(3) of Companies Act, 2016 on or before 30 January 2019 (24 months from the commencement of Section 74).

#### **Fair value reserve**

The fair value reserve relates to the cumulative net change in the fair value of financial assets categorised as available-for-sale.

#### **Share option reserve**

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained profits. The details of share options are disclosed in Note 20.



# 11. DEFERRED TAX LIABILITIES

## Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following :

GROUP	Assets		Liabilities		Net	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Property, plant and equipment	-	-	(2,099,809)	(2,064,148)	(2,099,809)	(2,064,148)
Provisions	1,589,200	1,589,200	-	-	1,589,200	1,589,200
Tax assets/(liabilities)	1,589,200	1,589,200	(2,099,809)	(2,064,148)	(510,609)	(474,948)
Set-off of tax	(1,589,200)	(1,589,200)	1,589,200	1,589,200	-	-
Net tax liabilities	-	-	(510,609)	(474,948)	(510,609)	(474,948)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	30,000	28,000	-	-
Other deductible temporary differences	704,000	697,000	-	-
Tax losses carry forward	3,639,900	2,604,300	-	-
	4,373,900	3,329,300	-	-

The deductible temporary differences and tax losses carry forward do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.





## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

### 11. DEFERRED TAX LIABILITIES (cont'd)

Movement in temporary differences during the financial year

	At 1.4.2015	Recognised in profit or loss (Note 17)	At 31.3.2016/ 1.4.2016	Recognised in profit or loss (Note 17)	At 31.3.2017
	RM	RM	RM	RM	RM
<b>GROUP</b>					
Property, plant and equipment	(2,085,316)	(31,700)	(2,117,016)	(55,000)	(2,172,016)
Provisions	1,589,000	200	1,589,200	-	1,589,200
Other items	106,256	(53,388)	52,868	19,339	72,207
	(390,060)	(84,888)	(474,948)	(35,661)	(510,609)

### 12. PAYABLES AND ACCRUALS

	<b>GROUP</b>		<b>COMPANY</b>	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current</b>				
<b>Trade</b>				
Trade payables	25,830,483	21,557,152	-	-
<b>Non-trade</b>				
Other payables	739,084	783,518	46,102	53,948
Accrued expenses	1,481,804	1,483,073	498,196	382,745
Dividend payable	3,254,300	-	3,254,300	-
	5,475,188	2,266,591	3,798,598	436,693
<b>Total</b>	31,305,671	23,823,743	3,798,598	436,693

### 13. REVENUE

Revenue of the Group consists of net invoiced values of pre-stressed and reinforced concrete piles, readymixed concrete and pre-cast concrete products.

Revenue of the Company consists of gross dividend income receivable from its subsidiary.



## 14. FINANCE COSTS

	GROUP	
	2017 RM	2016 RM
Interest on:		
- bankers' acceptances	1,552	-

## 15. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax is arrived at after charging:				
Audit Committee fees	79,200	50,400	79,200	50,400
Auditors' remuneration:				
- Statutory audit fees				
- Company auditors	100,000	100,000	28,000	28,000
- Other auditors	5,600	5,600	-	-
- Non-audit fees				
- Company auditors	15,000	15,000	15,000	15,000
- Other auditors	35,000	35,000	35,000	35,000
Chairman's fee	14,400	14,400	14,400	14,400
Depreciation of investment property (Note 4)	10,000	10,833	-	-
Depreciation of property, plant and equipment (Note 3)	4,845,879	5,461,195	-	-
Loss on disposal of plant and equipment	119,500	-	-	-
Plant and equipment written off	7,739	11,078	-	-
Impairment loss on trade receivables (Note 22.4)	423,404	-	-	-
Impairment loss on amount due from subsidiaries	-	-	36,000	36,000
Personnel expenses (including Directors):				
- Contributions to Employees' Provident Fund	1,163,252	1,024,248	355,574	299,234
- Share-based payments	1,286,550	579,595	819,750	262,370
- Wages, salaries and others	24,379,546	25,163,417	3,042,613	2,641,628
Rental of factory equipment	2,684,638	2,423,910	-	-
Rental of office building paid/payable to a Director	60,000	60,000	-	-
Rental of factory land paid to a Director	36,000	36,000	-	-



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 15. PROFIT BEFORE TAX (cont'd)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
and after crediting:				
Gross dividend income from a subsidiary (unquoted)	-	-	9,000,000	8,000,000
Gross dividend income from other investment	525	648	-	-
Gain on disposal of plant and equipment	-	5,193	-	-
Interest income	1,211,731	391,622	-	-
Management fees receivable from subsidiaries	-	-	2,400,000	2,400,000
Overdue interest income	90,640	110,854	-	-
Realised gain on foreign exchange (trade)	66,632	545,752	-	-
Rental income	35,000	45,500	540,000	540,000
Reversal of impairment loss on trade receivables (Note 22.4)	-	42,637	-	-
Unrealised gain on foreign exchange (trade)	79,384	-	-	-

## 16. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation for key management personnel which comprise only Directors are as follows:

	GROUP/COMPANY	
	2017 RM	2016 RM
Fees - current year	154,000	154,000
Remuneration	2,027,200	1,693,400
Other short-term employees benefits	238,608	199,512
Total short-term employee benefits	2,419,808	2,046,912
Share-based payments	630,900	163,657
	3,050,708	2,210,569



## 17. INCOME TAX EXPENSE

## (i) Recognised in profit or loss

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current tax expense</b>				
Malaysian income tax				
- current year	9,512,700	7,064,158	-	-
- over provision in previous year	(425,461)	(756,120)	-	(33,276)
Total current tax recognised in profit or loss	9,087,239	6,308,038	-	(33,276)
<b>Deferred tax expense</b>				
- current year	55,000	31,500	-	-
- under provision in previous year	(19,339)	53,388	-	-
	35,661	84,888	-	-
Total income tax expense	9,122,900	6,392,926	-	(33,276)

## (ii) Reconciliation of income tax expense:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	37,419,476	27,027,416	7,366,411	7,391,600
Income tax using Malaysia statutory tax rate of 24%	8,981,000	6,487,000	1,767,000	1,773,000
Non-deductible expenses	391,920	183,859	46,995	57,231
Non-taxable income	(288,180)	-	(2,160,000)	(1,920,000)
Tax losses not available for future set-off	345,067	88,785	345,067	88,785
Effects of unrecognised temporary differences	251,220	122,496	-	-
Others	(113,327)	213,518	938	984
	9,567,700	7,095,658	-	-
(Over)/Under provision in previous year				
- Current tax	(425,461)	(756,120)	-	(33,276)
- Deferred tax	(19,339)	53,388	-	-
	9,122,900	6,392,926	-	(33,276)



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 18. EARNINGS PER ORDINARY SHARE

### *Basic earnings per ordinary share*

The calculation of basic earnings per ordinary share at 31 March 2017 was based on the profit attributable to ordinary shareholders of RM28,296,576 (2016 : RM20,634,490) and a weighted average number of ordinary shares of 159,239,712 (2016 : 156,172,399) calculated as follows :

	2017	2016
Issued ordinary shares at beginning of year	158,103,500	155,491,500
Effect of shares issued	1,136,212	680,899
	<hr/>	<hr/>
Weighted average number of ordinary shares	159,239,712	156,172,399

### *Diluted earnings per ordinary share*

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

The calculation of diluted earnings per ordinary share at 31 March 2017 was based on the profit attributable to ordinary shareholders of RM28,296,576 (2016 : RM20,634,490) and a weighted average number of ordinary shares of 159,659,804 (2016 : 156,320,611) calculated as follows :

	2017	2016
Weighted average number of ordinary shares as above	159,239,712	156,172,399
Effect of ESOS	420,092	148,212
	<hr/>	<hr/>
	159,659,804	156,320,611

## 19. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
<b>2017</b>			
Final 2016 ordinary - single-tier	3.50	5,576,760	18 November 2016
Interim 2017 ordinary - single-tier	2.00	3,254,300	26 April 2017
		<hr/>	
		8,831,060	



## 19. DIVIDENDS (cont'd)

	Sen per share	Total amount RM	Date of payment
<b>2016</b>			
Final 2015 ordinary - single-tier	3.00	4,672,365	26 November 2015
Interim 2016 ordinary - single-tier	1.50	<u>2,371,027</u>	22 February 2016
		<u>7,043,392</u>	

After the end of the reporting period, the following dividend was proposed by the Directors. The dividend will be recognised in subsequent financial year upon approval by the owners of the Company at the forthcoming Annual General Meeting.

	Sen per share
Final single-tier ordinary	3.50

## 20. EMPLOYEE BENEFITS

## Share-based payments

The Group offers vested share options over ordinary shares to executive employees (including Executive Directors and Non-Executive Directors) with at least two years of continuous service in the Group. Movements in the number of share options held by employees are as follows:

	Number of options	
	2017	2016
Outstanding at beginning of year	1,977,500	681,500
Granted during the year	4,288,500	3,983,000
Rejected during the year	(40,000)	(75,000)
Exercised during the year	<u>(4,350,700)</u>	<u>(2,612,000)</u>
Outstanding at end of year	<u>1,875,300</u>	<u>1,977,500</u>

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a trinomial model, with the following inputs :

	2017	2016
<b>Fair value of share options and assumptions</b>		
Fair value at grant date	<u>RM0.30</u>	<u>RM0.08</u>
Weighted average share price	RM1.25	RM0.92
Share price at grant date	RM1.25	RM0.92
Expected volatility (weighted average volatility)	30.00%	30.00%
Option life	2.8 years	3.8 years
Expected dividends	4.18%	7.06%
Risk-free interest rate (based on Malaysian government bonds)	<u>3.92%</u>	<u>3.83%</u>



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 20. EMPLOYEE BENEFITS (cont'd)

### Value of employee services received for issue of share options

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Share options granted in 2017	1,286,550	579,595	819,750	262,370
Total expense recognised as share-based payments	<b>1,286,550</b>	579,595	<b>819,750</b>	262,370

The share options expense is not fully recognised in the profit or loss of the Company as a portion of it has been re-charged to the subsidiaries benefiting from the services of the employees.

## 21. CONTINGENT LIABILITIES - COMPANY

The Company has issued corporate guarantee to certain non-financial institutions for the supply of goods and services provided to a subsidiary up to a limit of RM19.5 million (2016: RM18.5 million) of which RM4.5 million (2016: RM3.2 million) of liabilities were incurred as at the end of reporting date.

## 22. FINANCIAL INSTRUMENTS

### 22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Available-for-sale financial assets (AFS); and
- (c) Financial liabilities measured at amortised cost (FL).

GROUP	Carrying amount RM	L&R/(FL) RM	AFS RM
<b>2017</b>			
<b>Financial assets</b>			
Other investments	10,380	-	10,380
Receivables and deposits (excluding prepayments)	48,722,506	48,722,506	-
Cash and cash equivalents	49,170,065	49,170,065	-
	<b>97,902,951</b>	<b>97,892,571</b>	<b>10,380</b>
<b>Financial liabilities</b>			
Payables and accruals	(31,305,671)	(31,305,671)	-
<b>COMPANY</b>			
<b>2017</b>			
<b>Financial assets</b>			
Receivables and deposits (excluding prepayments)	57,587,603	57,587,603	-
Cash and cash equivalents	105,390	105,390	-
	<b>57,692,993</b>	<b>57,692,993</b>	<b>-</b>
<b>Financial liabilities</b>			
Payables and accruals	(3,798,598)	(3,798,598)	-





## 22. FINANCIAL INSTRUMENTS (cont'd)

## 22.1 Categories of financial instruments (cont'd)

GROUP	Carrying amount RM	L&R/(FL) RM	AFS RM
<b>2016</b>			
<b>Financial assets</b>			
Other investments	10,380	-	10,380
Receivables and deposits (excluding prepayments)	42,024,653	42,024,653	-
Cash and cash equivalents	28,193,087	28,193,087	-
	<u>70,228,120</u>	<u>70,217,740</u>	<u>10,380</u>
<b>Financial liabilities</b>			
Payables and accruals	(23,823,743)	(23,823,743)	-
<b>COMPANY</b>			
<b>2016</b>			
<b>Financial assets</b>			
Receivables and deposits (excluding prepayments)	50,474,079	50,474,079	-
Cash and cash equivalents	61,322	61,322	-
	<u>50,535,401</u>	<u>50,535,401</u>	<u>-</u>
<b>Financial liabilities</b>			
Payables and accruals	<u>(436,693)</u>	<u>(436,693)</u>	<u>-</u>



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 22. FINANCIAL INSTRUMENTS (cont'd)

### 22.2 Net gains/(losses) arising from financial instruments

	GROUP	
	2017 RM	2016 RM
Net gains/(losses) on:		
Loans and receivables	945,599	1,090,865
Available-for-sale financial assets	525	648
Financial liabilities measured at amortised cost	(1,552)	-
	<b>944,572</b>	<b>1,091,513</b>
	COMPANY	
	2017 RM	2016 RM
Net gains/(losses) on :		
Loans and receivables	(36,000)	(36,000)

### 22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 22.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

#### Receivables

#### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Normally financial guarantees of shareholders or directors of customers are obtained and credit evaluations are performed on customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.



## 22. FINANCIAL INSTRUMENTS (cont'd)

## 22.4 Credit risk (cont'd)

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, there was no significant concentration of credit risk. The maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 to 180 days, which are deemed to have higher credit risk, are monitored individually.

Trade receivables amounting to RM37,621,770 (2016 : RM34,087,980) are secured by financial guarantees given by banks, shareholders or directors of the receivables.

*Impairment losses*

The aging of trade receivables as at the end of the reporting period was:

GROUP	Note	Gross RM	Individual impairment RM	Net RM
<b>2017</b>				
Not past due		31,887,317	(11,147)	31,876,170
Past due 1-30 days		7,410,346	(5,943)	7,404,403
Past due 31-120 days		5,640,614	(17,879)	5,622,735
Past due more than 120 days		7,848,037	(4,429,871)	3,418,166
	8	52,786,314	(4,464,840)	48,321,474
<b>2016</b>				
Not past due		29,421,568	-	29,421,568
Past due 1-30 days		2,494,478	-	2,494,478
Past due 31-120 days		8,640,297	-	8,640,297
Past due more than 120 days		5,004,236	(4,041,436)	962,800
	8	45,560,579	(4,041,436)	41,519,143



## 22. FINANCIAL INSTRUMENTS (cont'd)

### 22.4 Credit risk (cont'd)

#### *Impairment losses (cont'd)*

The movements in the allowance for impairment losses of trade receivables during the year were:

	GROUP	
	2017 RM	2016 RM
At beginning of year	4,041,436	4,138,176
Impairment loss recognised	423,404	-
Impairment loss reversed	-	(42,637)
Impairment loss written off	-	(54,103)
At end of year	<b>4,464,840</b>	4,041,436

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

#### **Inter-company balances**

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

#### *Impairment losses*

At 31 March 2017, an impairment loss of RM36,000 (2016: RM36,000) is recognised in profit or loss for amounts owed by certain subsidiaries. The Company does not specifically monitor the aging of the advances to the subsidiaries.

#### **Financial guarantees**

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary.

The Company also provides guarantees to certain non-financial institutions for the supply of goods and services to a subsidiary.

The Company monitors on an on-going basis the results of the subsidiary and repayments made by the subsidiary.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM69,550,000 (2016: RM68,550,000) representing the outstanding banking facilities and guarantees granted to certain non-financial institutions for the supply of goods and services to the subsidiary as at end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.



## 22. FINANCIAL INSTRUMENTS (cont'd)

## 22.5 Liquidity risk

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Maturity analysis**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amounts RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
<b>GROUP</b>				
<b>2017</b>				
<b>Non-derivative financial liabilities</b>				
Payables and accruals	31,305,671	-	31,305,671	31,305,671
<b>2016</b>				
<b>Non-derivative financial liabilities</b>				
Payables and accruals	23,823,743	-	23,823,743	23,823,743
<b>COMPANY</b>				
<b>2017</b>				
<b>Non-derivative financial liabilities</b>				
Payables and accruals	3,798,598	-	3,798,598	3,798,598
Corporate guarantee	-	-	4,521,251	4,521,251
	3,798,598		8,319,849	8,319,849
<b>2016</b>				
<b>Non-derivative financial liabilities</b>				
Payables and accruals	436,693	-	436,693	436,693
Corporate guarantee	-	-	3,220,887	3,220,887
	436,693		3,657,580	3,657,580



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 22. FINANCIAL INSTRUMENTS (cont'd)

### 22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's financial position or cash flows.

#### (a) Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily Singapore Dollar ("SGD").

#### *Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency other than Ringgit Malaysia) risk, based on carrying amounts as at the end of the reporting period was:

	<i>Denominated in SGD RM</i>
<b>GROUP</b>	
<b>2017</b>	
Cash and cash equivalents	942,141
Receivables	1,117,533
	<hr/>
<b>Exposure in the statement of financial position</b>	<b>2,059,674</b>
	<hr/>
<b>2016</b>	
Cash and cash equivalents	935,823
Receivables	1,392,209
	<hr/>
<b>Exposure in the statement of financial position</b>	<b>2,328,032</b>
	<hr/>

#### *Currency sensitivity analysis*

Foreign currency risk arises from the Group's monetary financial assets and financial liabilities primarily denominated in SGD. There is no other material exposure to foreign currency risk, and hence, sensitivity analysis will only be presented for the abovementioned exposures.

A 10% strengthening of SGD against RM at the end of the reporting period would have increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases.

	<b>Profit or loss</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
SGD	<b>156,535</b>	176,930
	<hr/>	<hr/>

A 10% weakening of SGD against RM at the end of the reporting period would have had equal but opposite effect as shown above, on the basis that all other variables remain constant.



## 22. FINANCIAL INSTRUMENTS (cont'd)

### 22.6 Market risk (cont'd)

#### (b) Interest rate risk

Short-term receivables and payables are not significantly exposed to interest rate risk.

#### *Risk management objectives, policies and processes for managing the risk*

The Group manages its interest rate risk by placing such balances with reputable banks, on varying maturities and interest rate terms.

#### *Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

GROUP	2017 RM	2016 RM
<b>Fixed rate instruments</b>		
Financial assets	45,860,656	23,771,003

#### *Interest rate risk sensitivity analysis*

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### 22.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables, inter-company balances, payables, short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instrument carried at fair value and those not carried at fair value for which fair value is disclosed, together with its fair value and its carrying amount shown in the statement of financial position.





# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 MARCH 2017

## 22. FINANCIAL INSTRUMENTS (cont'd)

### 22.7 Fair value information

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2017	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>GROUP</b>										
<b>Financial assets</b>										
Investment in quoted shares	10,380	-	-	10,380	-	-	-	-	10,380	10,380

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>GROUP</b>										
<b>Financial assets</b>										
Investment in quoted shares	10,380	-	-	10,380	-	-	-	-	10,380	10,380

### Policy on transfer between levels

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

### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year. (2016: no transfer in either directions).

### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.



## 23. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its significant investors, subsidiaries and key management personnel.

### Significant related party transactions

Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :

	2017 RM	2016 RM
<b>GROUP</b>		
<b>Transactions with a Director:</b>		
Rental of office building paid	60,000	60,000
Rental of factory land paid	36,000	36,000
<b>COMPANY</b>		
<b>Transactions with subsidiaries:</b>		
Allocation of share-based payments	466,800	317,225
Management fee received/receivable	2,400,000	2,400,000
Gross dividend receivable	9,000,000	8,000,000
Rental received	540,000	540,000

The transactions with the Director and subsidiaries have been entered into in the normal course of business and have been established under negotiated terms.

### Significant related party balances

The significant related party balances at end of reporting period are as disclosed in Note 8 to the financial statements.



### 24. OPERATING SEGMENTS

The business segment is based on the Group's management and internal reporting structure.

#### **Business segments**

The Group's only reportable segment comprises the manufacturing and sale of pre-cast concrete products and trading of readymixed concrete.

Segment information has not been separately presented because internal reporting uses the Group's financial statements.

#### **Geographical information**

Financial information by geographical segments of the Group's operations are not prepared as the Group operates solely in Malaysia.

#### **Major customers**

There are no major customers with revenue equal to or more than 10% of the Group's total revenue.

### 25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the financial year.

### 26. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Oka Concrete Industries Sdn Bhd, a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary known as Oka Steel Sdn Bhd on 17 October 2016. The issued and paid-up share capital of Oka Steel Sdn Bhd is RM3. The intended principal activities of Oka Steel Sdn Bhd are the manufacture of steel products, hard drawn wire, straight bars, wire mesh.



## 27. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group and of the Company as at 31 March 2017 into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements is as follows :

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries:				
- Realised	<b>89,121,793</b>	70,137,525	<b>4,098,506</b>	5,563,155
- Unrealised	<b>10,689,162</b>	10,744,162	<b>1,267,090</b>	1,267,090
	<b>99,810,955</b>	80,881,687	<b>5,365,596</b>	6,830,245
Less: Consolidation adjustments	<b>(23,437,224)</b>	(23,973,472)	-	-
Total retained profits as per statements of financial position	<b>76,373,731</b>	56,908,215	<b>5,365,596</b>	6,830,245

The determination of realised and unrealised profits is based on the Guidance of 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*, issued by the Malaysian Institute of Accountants on 20 December 2010.



## STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the financial statements set out on pages 44 to 92, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 27 on page 93 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
SHARIFUDDIN BIN SHOIB, *AMP*  
Director

.....  
ONG KOON ANN  
Director

IPOH  
Date: 14 July 2017

**STATUTORY DECLARATION PURSUANT TO  
SECTION 251(1)(b) OF THE COMPANIES ACT, 2016**



I, LAU WAI YEEN, the officer primarily responsible for the financial management of OKA CORPORATION BHD, do solemnly and sincerely declare that the financial statements set out on pages 44 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed LAU WAI YEEN, NRIC: 700418-08-6057, at Ipoh in the State of Perak Darul Ridzuan on 14 July 2017.

.....  
LAU WAI YEEN

Before me:  
CHONG TAT CHEONG  
COMMISSIONER FOR OATHS  
IPOH



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OKA CORPORATION BHD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of OKA Corporation Bhd, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 92.

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 the Audit of the Financial Statements* section of our auditors' 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.

#### 1. Valuation of inventories

Refer to Note 1.4 (*Use of estimates and judgements*) and Note 7 (*Inventories*) to the financial statements.

##### The key audit matter

The Group made the write-down of finished goods, if necessary, based on the analysis of the aging of finished goods as well as the analysis of the potential obsolescence due to low demand by customers following the completion of projects and for inventories with odd sizes or in loose quantities. The recognition of inventory write-down involves estimates and judgements by the Directors and there is a risk that the actual write-down required may be different to those estimated. This is a key audit matter because evaluating the estimates made by the Directors requires us to exercise significant judgement.





**Key Audit Matters (cont'd)**

**1. Valuation of inventories (cont'd)**

**How the matter was addressed in our audit**

Our audit procedures performed in this area included, among others:

- Inquired the management and assessed their process in identifying slow-moving and/or obsolete inventories;
- Tested the age profile of the inventories to the daily production report;
- Evaluated the Group's basis of provision for slow-moving inventories as at 31 March 2017 based on the age of the inventory relative to past and present sales;
- Compared the carrying value of finished goods as at 31 March 2017 to sales made to external customers subsequent to the year end to test whether the finished goods are recorded at the lower of costs and net realisable value.

**2. Valuation of trade receivables**

Refer to Note 1.4 (*Use of estimates and judgements*) and Note 8 (*Receivables, deposits and prepayments*) to the financial statements.

**The key audit matter**

The Group makes impairment loss on trade receivables, if necessary, based on the analysis of the aging of trade receivables, taking into consideration past payment trend of the customers. The recognition of impairment loss on trade receivables involves estimates and judgements by the Directors and there is a risk that the actual impairment loss required may be different to those estimated. This is a key audit matter because evaluating the estimates made by the Directors requires us to exercise significant judgement.

**How the matter was addressed in our audit**

Our audit procedures performed in this area included, among others:

- Inquired and assessed the Group's process in identifying debts that are potentially doubtful of recovery;
- Tested the reliability of the aging of trade receivables by testing the age profile of the debts to the respective invoices;
- Checked the subsequent collections and past payment trend for a sample of trade receivables;
- Evaluated the impairment loss recognised for trade receivables as at 31 March 2017 with reference to the age and past payment trend of trade receivables.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

**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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OKA CORPORATION BHD (cont'd)**

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 gives a true and fair view.
- 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 OKA CORPORATION BHD (cont'd)



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

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 auditors' 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 5 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.

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

**Lee Phaik Im**  
Approval Number : 03177/05/2019 J  
Chartered Accountant

Date: 14 July 2017

Penang



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# PROXY FORM



## SEVENTEENTH ANNUAL GENERAL MEETING

Number of  
ordinary shares held

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of **OKA CORPORATION BHD.**, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of Oka Corporation Bhd., to be held at Room 5, First Floor, Impiana Hotel Ipoh, No. 18 Jalan Sultan Nazrin Shah Ipoh, Perak Darul Ridzuan on Monday, 28 August 2017 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your vote to be cast. If no specific direction as to the voting is given, the proxy will vote or abstain from voting at his/her discretion.

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>
Resolution 1	Declaration of final dividend		
Resolution 2	Approval of payment of Directors' fees		
Resolution 3	Approval of payment of allowances to Non-Executive Directors		
Resolution 4	Re-election of Mr. Chok Hooa @ Chok Yin Fatt, PMP		
Resolution 5	Re-election of Mr. Ong Choo Ian		
Resolution 6	Re-appointment of Ir. Ong Koon Ann		
Resolution 7	Re-appointment of Messrs. KPMG as Auditors and authorizing the Directors to fix their remuneration		
Resolution 8	Authority to the Directors to issue shares pursuant to Section 75 of the Companies Act, 2016		
Resolution 9	Authority to the Directors to issue shares pursuant to the Executives Share Option Scheme		
Resolution 10	Continuing in Office for Mr. Gan Boon Koo @ Gan Boon Kiu as an Independent Non-Executive Director		
Resolution 11	Continuing in Office for En. Sharifuddin Bin Shoib, AMP as an Independent Non-Executive Director		
Resolution 12	Continuing in Office for En. Sharifuddin Bin Shoib, AMP as an Independent Non-Executive Director		

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

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

### Notes:

1. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
3. To be valid this form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting.
4. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy and such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 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 authorized nominee may appoint in respect of each omnibus account it holds.
6. Only a depositor whose name appears on the Record of Depositors as at 18 August 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.



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**Stamp**

The Company Secretary  
**OKA CORPORATION BHD.**  
6, Lebuhraya Chateau, Off Persiaran Kampar,  
30250 Ipoh, Perak Darul Ridzuan.

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Please fold along this line



6, Lebuhraya Chateau,  
Off Persiaran Kampar,  
30250 Ipoh,  
Perak Darul Ridzuan.

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



## ERRATA

Key Senior Management's Profile on page 12, the following information has been omitted:

### ADDITIONAL INFORMATION:

1. Save for Ir. Ong Koon Ann, Mdm. Quah Seok Keng and Mr. Ong Choo Ian, none of the other Key Senior Management has any directorship in public companies and listed issuers.
2. Save for Mr. Lau Wai Yeen and Mr. Tey Hock Lim, all the other Key Senior Management have family relationship with any Directors and/or major shareholders of the Company. Mr. Ong Koon Eng is the brother of Ir. Ong Koon Ann while Ms Ong Ee Dith is the daughter of Ir. Ong Koon Ann and Mdm. Quah Seok Keng.
3. None of the Key Senior Management has:-
  - (i) any conflict of interest with the Company;
  - (ii) been convicted of any offence (other than traffic offence) within the past five (5) years; and
  - (iii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.