Tatt Giap Group Berhad

(Company No. 732294 - W)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 May 2018

Certified True Copy

Raymond Chong Chee Mon
Partner

KPMG
PLT

Tatt Giap Group Berhad
(Company No. 732294 - W)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 May 2018

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

Principal activities

The Company is principally engaged in 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
Loss for the year attributable to :		
Owners of the Company	6,100,023	16,810,206
Non-controlling interests	1,599,157	-
	7,699,180	16,810,206

Reserves and provisions

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

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

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

Director

Dato' Siah Kok Poay	
Dato' Liang Chee Fong	
Dato' Loh Eng Wee	
Lee Poay Keong	(Appointed on 23 March 2018)
Chew Yinn Miin	(Appointed on 23 March 2018)
Foo Kee Fatt	(Resigned on 2 March 2018)

Alternate to Dato' Siah Kok Poay

Siah Chin Hoo	(Resigned on 23 March 2018)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or 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			
	At 1.6.2017/*	**Bought**	**(Sold)**	**At 31.5.2018**
Interests in the Company :				
Direct interests				
Dato' Siah Kok Poay - own	96	-	-	96
Dato' Liang Chee Fong	-	8,360,000	-	8,360,000
Lee Poay Keong	*4,338,660	-	-	4,338,660
Indirect interests				
Dato' Siah Kok Poay - own	52,259,715	-	(52,259,491)	224

* At date of appointment

None of the other Directors holding office at 31 May 2018 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

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) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 24 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.

Issue of shares and debentures

During the financial year, the Company issued 15,510,000 new ordinary shares at RM0.1358 per share via a private placement to eligible investors for a total cash consideration of RM2,106,258, for working capital purposes. There were no debentures 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.

Indemnity and insurance costs

There was no indemnity given to or insurance effected for Directors, officers and auditors 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.

Other statutory information (continued)

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, except for the impairment loss on property, plant and equipment, impairment loss on investments in subsidiaries and amount due from subsidiaries, gain on disposal of subsidiaries, gain on remeasurement of retained interest in a subsidiary carried as other investments and the reversal of impairment loss on investments in associates and other investments as disclosed in Note 19 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 May 2018 have 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 events

The details of such events are disclosed in Note 30 to the financial statements.

Subsequent events

The details of such events are disclosed in Note 31 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

....
Lee Poay Keong
Director

....
Dato' Liang Chee Fong
Director

Date : 27 September 2018

Tatt Giap Group Berhad
(Company No. 732294 - W)
(Incorporated in Malaysia)
and its subsidiaries

Statements of financial position as at 31 May 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Assets					
Property, plant and equipment	3	55,123,824	123,166,335	-	633
Investments in subsidiaries	5	-	-	20,389,071	50,315,608
Investments in associates	6	5,976,833	6,233,855	11,983,065	6,783,065
Other investments	7	3,056,755	20,000	2,096,746	-
Total non-current assets		64,157,412	129,420,190	34,468,882	57,099,306
Inventories	8	1,641,448	6,891,914	-	-
Current tax assets		7,120	227,580	-	-
Trade and other receivables	9	5,925,418	28,475,931	923,798	2,328,085
Cash and cash equivalents	10	3,896,107	8,383,118	74,727	6,141
		11,470,093	43,978,543	998,525	2,334,226
Assets classified as held for sale	11	14,155,463	-	-	-
Total current assets		25,625,556	43,978,543	998,525	2,334,226
Total assets		89,782,968	173,398,733	35,467,407	59,433,532

Statements of financial position as at 31 May 2018 (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Equity					
Share capital	12	84,681,031	82,574,773	84,681,031	82,574,773
Reserves	13	(62,777,531)	(60,687,560)	(76,500,223)	(59,690,017)
Equity attributable to owners of the Company		21,903,500	21,887,213	8,180,808	22,884,756
Non-controlling interests	14	6,000,000	11,693,112	-	-
Total equity		27,903,500	33,580,325	8,180,808	22,884,756
Liabilities					
Loans and borrowings	15	21,245,402	23,334,221	-	-
Other payables	16	4,585,790	10,125,631	-	10,125,631
Deferred tax liabilities	17	1,955,796	6,133,149	-	-
Total non-current liabilities		27,786,988	39,593,001	-	10,125,631
Loans and borrowings	15	26,741,961	68,893,883	-	129,453
Current tax liabilities		35,907	1,968,251	19,266	1,869,060
Trade and other payables	16	7,314,612	29,363,273	27,267,333	24,424,632
Total current liabilities		34,092,480	100,225,407	27,286,599	26,423,145
Total liabilities		61,879,468	139,818,408	27,286,599	36,548,776
Total equity and liabilities		89,782,968	173,398,733	35,467,407	59,433,532

The notes on pages 17 to 85 are an integral part of these financial statements.

Tatt Giap Group Berhad
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Statements of profit or loss and other comprehensive income for the year ended 31 May 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	18	62,367,153	84,348,833	-	-
Cost of sales		(60,135,791)	(83,789,319)	-	-
Gross profit		2,231,362	559,514	-	-
Other operating income		8,429,585	20,642,849	14,214,447	13,366,522
Distribution expenses		(2,212,118)	(1,635,490)	-	-
Administrative expenses		(6,729,520)	(10,088,037)	(1,616,728)	(1,223,612)
Other operating expenses		(6,542,241)	(13,836,234)	(30,569,932)	(63,985,220)
Results from operating activities		(4,822,932)	(4,357,398)	(17,972,213)	(51,842,310)
Finance costs		(5,647,674)	(8,304,663)	(312,767)	(820,081)
Operating loss		(10,470,606)	(12,662,061)	(18,284,980)	(52,662,391)
Share of (loss)/profit of equity-accounted associates, net of tax		(144,522)	1,965,446	-	-
Loss before tax	19	(10,615,128)	(10,696,615)	(18,284,980)	(52,662,391)
Tax expense	21	2,915,948	5,036,267	1,474,774	(1,663,128)
Loss for the year		(7,699,180)	(5,660,348)	(16,810,206)	(54,325,519)

Statements of profit or loss and other comprehensive income for the year ended 31 May 2018 (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets	22	-	38,600	-	-
Total other comprehensive income for the year, net of tax		-	38,600	-	-
Total comprehensive expense for the year		(7,699,180)	(5,621,748)	(16,810,206)	(54,325,519)
Loss for the year attributable to :					
Owners of the Company		(6,100,023)	(3,007,112)	(16,810,206)	(54,325,519)
Non-controlling interests		(1,599,157)	(2,653,236)	-	-
Loss for the year		(7,699,180)	(5,660,348)	(16,810,206)	(54,325,519)
Total comprehensive expense attributable to :					
Owners of the Company		(6,100,023)	(2,987,426)	(16,810,206)	(54,325,519)
Non-controlling interests		(1,599,157)	(2,634,322)	-	-
Total comprehensive expense for the year		(7,699,180)	(5,621,748)	(16,810,206)	(54,325,519)
Basic loss per ordinary share (sen)	23	(3.91)	(1.94)	-	-

Tatt Giap Group Berhad
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Consolidated statement of changes in equity for the year ended 31 May 2018

	Attributable to owners of the Company								
		Non-distributable							
	Share capital RM	Share premium RM	Reverse acquisition reserve RM	Fair value reserve RM	Revaluation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 June 2016	77,551,701	5,023,072	(53,300,000)	(46,881)	23,578,381	(27,931,634)	24,874,639	14,327,434	39,202,073
Fair value of available-for-sale financial assets representing total other comprehensive income for the year	-	-	-	19,686	-	-	19,686	18,914	38,600
Loss for the year	-	-	-	-	-	(3,007,112)	(3,007,112)	(2,653,236)	(5,660,348)
Total comprehensive income/(expense) for the year	-	-	-	19,686	-	(3,007,112)	(2,987,426)	(2,634,322)	(5,621,748)
Transfer in accordance with Section 618(2) of the Companies Act 2016	5,023,072	(5,023,072)	-	-	-	-	-	-	-
Realisation of revaluation surplus on disposal of properties	-	-	-	-	(2,463,851)	2,463,851	-	-	-
At 31 May 2017	82,574,773	-	(53,300,000)	(27,195)	21,114,530	(28,474,895)	21,887,213	11,693,112	33,580,325
	Note 12	Note 13							

Consolidated statement of changes in equity for the year ended 31 May 2018 (continued)

	Attributable to owners of the Company							
		Non-distributable						
	Share capital RM	Reverse acquisition reserve RM	Fair value reserve RM	Revaluation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 June 2017	82,574,773	(53,300,000)	(27,195)	21,114,530	(28,474,895)	21,887,213	11,693,112	33,580,325
Loss for the year representing total comprehensive expense for the year	-	-	-	-	(6,100,023)	(6,100,023)	(1,599,157)	(7,699,180)
Contributions by owners of the Company								
- Issuance of ordinary shares	2,106,258	-	-	-	-	2,106,258	-	2,106,258
- Issuance of redeemable convertible preference shares by a subsidiary	-	-	-	-	-	-	6,000,000	6,000,000
	2,106,258	-	-	-	-	2,106,258	6,000,000	8,106,258
Change in ownership interests in subsidiaries	-	-	27,195	(4,543,517)	8,526,374	4,010,052	(10,093,955)	(6,083,903)
Total transactions with owners of the Company	2,106,258	-	27,195	(4,543,517)	8,526,374	6,116,310	(4,093,955)	2,022,355
At 31 May 2018	84,681,031	(53,300,000)	-	16,571,013	(26,048,544)	21,903,500	6,000,000	27,903,500
	Note 12	Note 13						

The notes on pages 17 to 85 are an integral part of these financial statements.

Tatt Giap Group Berhad
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Statement of changes in equity for the year ended 31 May 2018

	Attributable to owners of the Company			
	Non-distributable			
	Share capital RM	**Share premium RM**	**Accumulated loss RM**	**Total equity RM**
At 1 June 2016	77,551,701	5,023,072	(5,364,498)	77,210,275
Loss for the year representing total comprehensive expense for the year	-	-	(54,325,519)	(54,325,519)
Transfer in accordance with Section 618(2) of the Companies Act 2016	5,023,072	(5,023,072)	-	-
At 31 May 2017/1 June 2017	82,574,773	-	(59,690,017)	22,884,756
Loss for the year representing total comprehensive expense for the year	-	-	(16,810,206)	(16,810,206)
Contributions by owners of the Company				
- Issuance of ordinary shares	2,106,258	-	-	2,106,258
At 31 May 2018	84,681,031	-	(76,500,223)	8,180,808
	Note 12	Note 13		

The notes on pages 17 to 85 are an integral part of these financial statements.

Tatt Giap Group Berhad

(Company No. 732294 - W)
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Statements of cash flows for the year ended 31 May 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities					
Loss before tax		(10,615,128)	(10,696,615)	(18,284,980)	(52,662,391)
Adjustments for :					
Depreciation on property, plant and equipment	3	3,741,559	3,916,593	633	495
Plant and equipment written off	19	1,574,417	-	-	-
Impairment loss on :					
- investment in subsidiaries	19	-	-	24,338,841	35,827,579
- property, plant and equipment	19	4,733,838	11,020,840	-	-
- other investments	19	-	2,056,010	-	2,056,010
Interest expense		5,647,674	8,304,663	312,767	820,081
Interest income	19	(115,598)	(294,833)	-	-
Loss/(Gain) on disposal of :					
- plant and equipment	19	146,970	(416,250)	-	-
- investments in subsidiaries	19	(3,080,043)	-	(7,807,932)	-
- assets classified as held for sale	19	-	(16,234,526)	-	(11,573,607)
- other investments	19	-	(28,418)	-	-
Reversal of impairment loss on :					
- investment in an associate	19	-	-	(5,200,000)	(3,300,000)
- other investments	19	(1,001,119)	-	(1,001,119)	-
Dividend income	19	(980)	(8,900)	-	-
Remeasurement gain on retained interests in a subsidiary carried as other investments	19	(940,009)	-	-	-
Share of loss/(profit) of equity accounted associates, net of tax		257,022	(1,965,446)	-	-
Operating profit/(loss) before working capital changes		348,603	(4,346,882)	(7,641,790)	(28,831,833)

Statements of cash flows for the year ended 31 May 2018 (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Changes in working capital :					
Inventories		(17,719,795)	14,253,153	-	-
Trade and other receivables		(9,167,623)	4,503,522	1,404,287	2,085,116
Trade and other payables		24,020,135	(22,690,670)	307,527	(18,947,961)
Cash used in operations		(2,518,680)	(8,280,877)	(5,929,976)	(45,694,678)
Tax paid		(236,722)	(149,685)	(375,020)	(167,490)
Net cash used in operating activities		(2,755,402)	(8,430,562)	(6,304,996)	(45,862,168)
Cash flows from investing activities					
Acquisition of plant and equipment		(607,901)	(3,392)	-	(1,542,830)
Proceeds from disposal of :					
- property, plant and equipment		8,705,746	16,455,491	-	-
- investment in a subsidiary		-	-	12,300,001	-
- assets classified as held for sale		-	37,969,236	-	37,969,236
- other investments		-	216,418	-	-
Interest received		115,598	294,833	-	-
Dividends received		980	8,900	-	-
Net cash inflow on disposal of subsidiaries	A	4,581,287	-	-	-
Net cash from investing activities		12,795,710	54,941,486	12,300,001	36,426,406

Statements of cash flows for the year ended 31 May 2018 (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from financing activities					
(Repayment to)/ Advances from a Director		(5,539,841)	10,125,631	(7,590,457)	10,125,631
Interest paid		(5,647,674)	(8,304,663)	(312,767)	(820,081)
Proceeds from :					
- issuance of ordinary shares		2,106,258	-	2,106,258	-
- issuance of redeemable convertible preference shares by a subsidiary		6,000,000	-	-	-
Repayment of term loans		(2,254,683)	(8,972,014)	-	-
Repayment of other borrowings, net		(26,248,771)	(33,144,145)	-	-
Repayment of finance lease liabilities		(615,053)	(2,972,520)	-	-
(Placement)/Uplift of pledged deposits		(108,403)	1,985,067	-	-
Net cash (used in)/ from financing activities		(32,308,167)	(41,282,644)	(5,796,966)	9,305,550
Net (decrease)/increase in cash and cash equivalents		(22,267,859)	5,228,280	198,039	(130,212)
Cash and cash equivalents at 1 June		(415,363)	(5,643,643)	(123,312)	6,900
Cash and cash equivalents at 31 May	B	(22,683,222)	(415,363)	74,727	(123,312)

NOTES

A. *Disposal of subsidiaries*

On 31 July 2017, the Company entered into a Share Sale Agreement to dispose 41% of its equity interests in Tatt Giap Steel Centre Sdn. Bhd. ("TGSC") for a total cash consideration of RM12,300,000.

On 1 August 2017, the Company entered into a Share Sale Agreement to dispose of its entire interests in TGMI Industries Sdn. Bhd. ("TGMI") for a total cash consideration of RM1.

Statements of cash flows for the year ended 31 May 2018 (continued)

NOTES (continued)

A. *Disposal of subsidiaries (continued)*

The disposals which were completed on 1 August 2017 and 23 February 2018 respectively had the following effects on the financial position of the Group :

	TGMI RM	TGSC RM	Total RM
Property, plant and equipment	-	40,542,480	40,542,480
Inventories	-	22,970,261	22,970,261
Cash and cash equivalents	22,569	7,696,145	7,718,714
Trade and other receivables	44,391	31,673,745	31,718,136
Current tax assets	-	6,837	6,837
Loans and borrowings	-	(32,794,679)	(32,794,679)
Deferred tax liabilities	-	(2,743,404)	(2,743,404)
Trade and other payables	(245,040)	(45,823,756)	(46,068,796)
Non-controlling interests	-	(10,093,955)	(10,093,955)
Net (liabilities)/assets relieved	(178,080)	11,433,674	11,255,594
Fair value of interests retained	-	(2,035,636)	(2,035,636)
Gain on disposals of subsidiaries	178,081	2,901,962	3,080,043
Consideration received, satisfied in cash	1	12,300,000	12,300,001
Cash and cash equivalents disposed of	(22,569)	(7,696,145)	(7,718,714)
Net cash (outflow)/inflow	(22,568)	4,603,855	4,581,287

B. *Cash and cash equivalents*

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

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	10	359,122	4,954,536	74,727	6,141
Bank overdrafts	15	(23,042,344)	(5,369,899)	-	(129,453)
		(22,683,222)	(415,363)	74,727	(123,312)

The notes on pages 17 to 85 are an integral part of these financial statements.

Tatt Giap Group Berhad
(Company No. 732294 - W)
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and its subsidiaries

Notes to the financial statements

Tatt Giap Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

D5-U6-8, Solaris Dutamas
1, Jalan Dutamas 1
50480 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 May 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates. The financial statements of the Company as at and for the financial year ended 31 May 2018 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the Group entities are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 September 2018.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and 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.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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 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*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlements*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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, where applicable, in the respective financial years when the above accounting standards, amendments and interpretations become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the 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 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*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to the customer, moving from the transfer of risks and rewards.

The Group intends to apply MFRS 15 using the cumulative effect transition approach. Based on initial assessment performed, the Group which is primarily involved in trading and distribution of a wide range of steel products does not expect the application of MFRS 15 to have a significant impact on its consolidated financial statements.

As disclosed in Note 30(e), the Group has proposed to diversify its principal activities into construction, property development and property investment amongst other proposals. As those proposals have yet to be fully effected, the Group will assess the impact, if any that MFRS 15 may have on the proposed activities when they are effected.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(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.

In the implementation of MFRS 9, the Group has established cross-functional team to manage the implementation of MFRS 9 which includes undertaking impact assessment, guidelines and training program to ensure readiness and smooth implementation of MFRS 9.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an expected credit loss ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

Based on initial assessment performed, the Group does not expect the application of MFRS 9 to have a significant impact on its consolidated financial statements.

(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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

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

1. Basis of preparation (continued)

(b) 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 and on the assumption that the Group and the Company will continue to operate as a going concern.

The Group and the Company incurred a loss of RM7,699,180 and RM16,810,206 respectively for the financial year ended 31 May 2018 and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM8,466,924 and RM26,288,074 respectively.

The Company has proposed to undertake several proposals during the year as disclosed in Note 30(f) which included a proposed share capital reduction, diversification of principal activities and a renounceable rights issue. Subsequent to the end of the reporting period, the Company's proposed share capital reduction was approved by the High Court and the Group has also disposed of certain property, plant and equipment as disclosed in Note 31.

The Directors are of the view that the Group and the Company will be able to meet their liabilities as and when they fall due using proceeds from the disposal of the property, plant and equipment and will be able to obtain continuing financial support from Directors, substantial shareholders, bankers and creditors. Accordingly, the going concern basis of preparation of the financial statements is appropriate.

Without such financial support and achievement of sufficient positive cash flows, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Consequently, adjustments may be required to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities.

(c) Functional and presentation currency

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

(d) 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.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing 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 5 - Investments in subsidiaries.

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.

(a) 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 investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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 except for Tatt Giap Hardware Sdn. Bhd. ("TGH"). The acquisition of TGH was accounted for using reverse acquisition accounting principles in accordance with MFRS 3, *Business Combinations*. Upon completion of the acquisition of TGH, the Company became the legal parent company of TGH. However, due to the relative value of TGH, the former shareholders of TGH became the majority shareholders of the Company. Furthermore, the Company's continuing operations and management are those of TGH. Accordingly, the substance of the business combination is that TGH acquired the Company in a reverse acquisition. The reverse acquisition was assumed to have been prepared in the name of the legal parent; i.e. the Company, but it represents a combination of the statement of financial position of the legal subsidiary, TGH, which is deemed to be the acquirer.

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) Acquisitions of non-controlling interests

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) 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.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

Investments in associates 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 the investment includes transaction costs.

(vi) Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

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

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.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, 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, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

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 at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(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.

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 are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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 are 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 (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its properties comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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" and "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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost/valuation 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 depreciation rates for the current and comparative periods are as follows :

	%
Buildings	2 - 10
Plant and equipment, tools and moulds	5 - 20
Furniture, fittings and equipment	10 - 40
Motor vehicles	20
Renovation	10

The leasehold land of the Group was amortised over the lease periods of 60 years.

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

(e) 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.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

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.

(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, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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.

(f) Intangible assets

(i) Other intangible assets

Other intangible assets which comprise of software costs are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iii) Amortisation (continued)

The estimated useful life for the current and comparative periods of software costs is 2.5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) 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 work-in-progress and manufactured inventories, 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.

(h) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories and financial assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

2. Significant accounting policies (continued)

(i) 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investments in associates) 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 asset 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 the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

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 non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a 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 (group 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.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

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.

(k) 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.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, 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 or profit-sharing plans 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.

2. Significant accounting policies (continued)

(m) 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.

(n) 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 allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, 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) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) 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.

(iv) 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 (continued)

(o) 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.

(p) 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 statements 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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

2. Significant accounting policies (continued)

(p) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the 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.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(r) 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 segments results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Chairman 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.

(s) 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.

(t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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.

2. Significant accounting policies (continued)

(t) Fair value measurements (continued)

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

	At valuation		At cost					
	Land RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Group								
At 1 June 2016	40,942,765	75,472,978	68,057,901	6,474,109	6,067,043	2,926,511	60,000	200,001,307
Additions	-	-	-	-	3,392	-	-	3,392
Disposals	(6,574,081)	(8,836,323)	(301,661)	-	(2,286,285)	(741,556)	-	(18,739,906)
Reclassification	1,328,497	(1,328,497)	-	-	-	-	-	-
Transfer to assets held for sale	-	-	(1,542,830)	(44,478)	-	-	-	(1,587,308)
At 31 May 2017/1 June 2017	35,697,181	65,308,158	66,213,410	6,429,631	3,784,150	2,184,955	60,000	179,677,485
Additions	-	-	464,145	143,756	-	-	-	607,901
Disposals	-	-	(22,831,160)	(26,249)	(264,003)	(672,549)	-	(23,793,961)
Disposals of subsidiaries	(10,595,000)	(23,405,000)	(25,849,091)	(4,234,392)	(2,192,892)	(1,471,605)	-	(67,747,980)
Adjustments of unrealised profit upon disposal of a subsidiary	-	-	14,420,893	-	-	-	-	14,420,893
Written off	-	-	(4,778,355)	(978,468)	(309,842)	-	(60,000)	(6,126,665)
Reclassification	339,599	(602,694)	(287,998)	362,263	114,838	73,992	-	-
Transfer to assets held for sale	(6,941,780)	(5,358,220)	(23,919,436)	-	-	(114,793)	-	(36,334,229)
At 31 May 2018	18,500,000	35,942,244	3,432,408	1,696,541	1,132,251	-	-	60,703,444

3. Property, plant and equipment (continued)

	At valuation		At cost					
	Land RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Group								
Accumulated depreciation and impairment loss								
At 1 June 2016								
Accumulated depreciation	562,836	286,712	30,355,223	5,261,758	5,086,714	1,441,418	-	42,994,661
Accumulated impairment losses	-	-	2,500,000	-	-	-	-	2,500,000
	562,836	286,712	32,855,223	5,261,758	5,086,714	1,441,418	-	45,494,661
Depreciation for the year	217,816	1,123,910	1,706,115	317,342	398,069	153,341	-	3,916,593
Impairment loss for the year	-	-	11,020,840	-	-	-	-	11,020,840
Disposals	(42,130)	(43,174)	(102,712)	-	(2,235,618)	(277,031)	-	(2,700,665)
Transfer to assets held for sale	-	-	(1,184,999)	(35,280)	-	-	-	(1,220,279)
At 31 May 2017								
Accumulated depreciation	738,522	1,367,448	30,773,627	5,543,820	3,249,165	1,317,728	-	42,990,310
Accumulated impairment losses	-	-	13,520,840	-	-	-	-	13,520,840
	738,522	1,367,448	44,294,467	5,543,820	3,249,165	1,317,728	-	56,511,150

3. Property, plant and equipment (continued)

	At valuation		At cost					
	Land RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Group								
Accumulated depreciation and impairment loss								
At 1 June 2017								
Accumulated depreciation	738,522	1,367,448	30,773,627	5,543,820	3,249,165	1,317,728	-	42,990,310
Accumulated impairment losses	-	-	13,520,840	-	-	-	-	13,520,840
	738,522	1,367,448	44,294,467	5,543,820	3,249,165	1,317,728	-	56,511,150
Depreciation for the year	152,829	1,211,668	1,784,322	318,408	196,166	78,166	-	3,741,559
Impairment loss for the year	-	1,599,767	3,120,580	13,491	-	-	-	4,733,838
Disposals	-	-	(14,170,684)	(14,302)	(264,003)	(492,256)	-	(14,941,245)
Adjustments of unrealised profit upon disposal of a subsidiary	-	-	9,470,832	-	-	-	-	9,470,832
Disposals of subsidiaries	(441,506)	(1,014,234)	(18,976,114)	(3,626,845)	(1,928,620)	(1,218,181)	-	(27,205,500)
Written off	-	-	(3,457,043)	(795,691)	(299,514)	-	-	(4,552,248)
Reclassification	(449,845)	80,822	(213,026)	147,348	5,365	429,336	-	-
Transfer to assets held for sale	-	(1,844,537)	(20,219,436)	-	-	(114,793)	-	(22,178,766)
At 31 May 2018								
Accumulated depreciation	-	1,400,934	740,071	1,572,738	958,559	-	-	4,672,302
Accumulated impairment losses	-	-	893,827	13,491	-	-	-	907,318
	-	1,400,934	1,633,898	1,586,229	958,559	-	-	5,579,620

3. Property, plant and equipment (continued)

	At valuation		At cost					
Group	Land RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Capital work-in-progress RM	Total RM
Carrying amounts								
At 1 June 2016	40,379,929	75,186,266	35,202,678	1,212,351	980,329	1,485,093	60,000	154,506,646
At 31 May 2017/ 1 June 2017	34,958,659	63,940,710	21,918,943	885,811	534,985	867,227	60,000	123,166,335
At 31 May 2018	18,500,000	34,541,310	1,798,510	110,312	173,692	-	-	55,123,824

3. Property, plant and equipment (continued)

	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Company			
Cost			
At 1 June 2016	44,478	6,403	50,881
Transfer from a subsidiary	1,542,830	-	1,542,830
Transfer to assets held for sale	(1,587,308)	-	(1,587,308)
At 31 May 2017/1 June 2017/31 May 2018	-	6,403	6,403
Depreciation			
At 1 June 2016	35,280	5,275	40,555
Depreciation for the year	-	495	495
Transfer to assets held for sale	(35,280)	-	(35,280)
At 31 May 2017/1 June 2017	-	5,770	5,770
Depreciation for the year	-	633	633
At 31 May 2018	-	6,403	6,403
Carrying amounts			
At 1 June 2016	9,198	1,128	10,326
At 31 May 2017/1 June 2017	-	633	633
At 31 May 2018	-	-	-

3.1 Security - Group

The land, buildings and plant and equipment of the Group with an aggregate carrying amount of RM53,041,310 (2017: RM105,030,896) are charged to banks for loans and borrowings granted to the Group (see Note 15).

3.2 Leased plant and equipment - Group

The carrying amounts of plant and equipment acquired under finance lease arrangements are as follows :

	2018 RM	2017 RM
Plant and equipment, tools and moulds	-	12,334,294
Motor vehicles	171,428	449,579
	171,428	12,783,873

3. Property, plant and equipment (continued)

3.3 Land and buildings under revaluation model - Group

The land and buildings are shown at Directors' valuation based on professional valuations carried out by firms of professional valuers on an open market value basis conducted on 10 June 2015, 12 April 2016, 28 March 2016 and 31 March 2016 respectively. The revaluations were effected on 31 March 2016.

Subsequent additions are shown at cost while deletions are at valuation or cost as appropriate.

Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts of the land and buildings that would have been included in the financial statements at the end of the financial year are as below :

	2018 RM	2017 RM
Land	7,854,109	15,478,342
Buildings	33,529,379	50,847,165
	41,383,488	66,325,507

3.4 Impairment loss - Group

During the financial year, certain properties and machinery of the Group were impaired using fair value less cost to sell model following the commitment by the Group to dispose of those properties and machinery. Subsequent to being impaired, the above mentioned properties and machinery were presented as assets classified as held for sale (see Note 11).

In the previous financial year, the Group assessed and recorded an impairment loss of RM11,020,840 relating to the plant and machinery used in the Group's stainless steel pipes, tubes and fittings manufacturing business in view of the continuing losses suffered.

3.5 Fair value information - Group

The fair values of land and buildings as at 31 May 2018 are 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 land and buildings as at 31 May 2018 are categorised as level 3 in the fair value hierarchy and is estimated as follows :

	2018 RM'000	2017 RM'000
Land	18,500	37,251
Buildings	36,500	64,049
	55,000	101,300

3. Property, plant and equipment (continued)

3.5 Fair value information - Group (continued)

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 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's land and buildings based on comparison of the Group's land and buildings with similar properties that were listed for sale within the same locality or other comparable localities.

4. Intangible assets - Group

	Goodwill RM	Software costs RM	Total RM
Cost			
At 1 June 2016/31 May 2017/1 June 2017/ 31 May 2018	1,055,547	581,436	1,636,983
Amortisation and impairment loss			
At 1 June 2016/31 May 2017/1 June 2017/ 31 May 2018	1,055,547	581,436	1,636,983
Carrying amount			
At 1 June 2016/31 May 2017/1 June 2017/ 31 May 2018	-	-	-

5. Investments in subsidiaries - Company

	2018 RM	2017 RM
Unquoted shares		
Cost		
At 1 June	136,143,187	136,143,187
Disposals	(5,743,186)	-
At 31 May	130,400,001	136,143,187

5. Investments in subsidiaries - Company (continued)

	2018 RM	2017 RM
Impairment loss		
At 1 June	85,827,579	50,000,000
Impairment loss for the year	24,338,841	35,827,579
Disposals	(155,490)	-
At 31 May	110,010,930	85,827,579
Carrying amounts		
At 31 May	20,389,071	50,315,608

During the financial year, the Company recorded impairment loss of RM24,338,841 (2017: RM35,827,579) after having assessed the recoverable amount of its subsidiaries. The recoverable amounts were determined by the Directors' after taking into account the financial performance of the subsidiaries and their estimated fair values.

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

Name of entity	Effective ownership interest and voting interest 2018	2017	Principal activities
Tatt Giap Hardware Sdn. Bhd. ("TGH")	100%	100%	Importers, wholesalers and retailers of steel products
Tatt Giap Steel Centre Sdn. Bhd. ("TGSC")	-	51%	Manufacturing and trading of stainless steel and other ferrous and non-ferrous metal products
Superinox Pipe Industry Sdn. Bhd. ("SPI")	100%	100%	Manufacturing and distribution of Superinox™ stainless steel pipes and tubes
Superinox International Sdn. Bhd.	100%	100%	Exporter of Superinox™ stainless steel pipes and tubes
Superinox Max Fittings Industry Sdn. Bhd.	100%	100%	Manufacturing and distribution of Superinox™ stainless steel fittings and pipes
TGMI Industries Sdn. Bhd. ("TGMI")	-	100%	Dormant
Formosa Industries Sdn. Bhd.	100%	100%	Dormant

During the financial year, the Company disposed of TGSC and TGMI. Details of the disposals are disclosed in Note 30(a) and 30(b) respectively.

5. Investments in subsidiaries - Company (continued)

5.1 Non-controlling interests in a subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows :

	TGSC	
	2018	**2017**
	RM	**RM**
NCI percentage of ownership interest and voting interest	-	49%
Carrying amount of NCI	-	11,693,112
Losses allocated to NCI	(1,599,157)	(2,653,236)

	2018	2017
	RM	**RM**
Summarised financial information before intra-group elimination		
Non-current assets	-	41,445,215
Current assets	-	33,173,620
Non-current liabilities	-	(2,780,955)
Current liabilities	-	(47,974,385)
Net assets	-	23,863,495

	Period from 1.6.2017 to 23.2.2018	2017
	RM	**RM**
Revenue	29,822,009	38,624,901
Loss for the year	(3,263,586)	(5,414,768)
Total comprehensive expense for the year	(3,263,586)	(5,376,168)
Cash flows from operating activities	6,836,385	25,862,028
Cash flows (used in)/from investing activities	(243,324)	1,335,348
Cash flows used in financing activities	(1,520,774)	(24,056,071)
Net increase in cash and cash equivalents	5,072,287	3,141,305

5. Investments in subsidiaries - Company (continued)

5.2 Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows :

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipment	-	117,192
Investments in associates	-	4,949
Inventories	-	5,181
Trade and other receivables	-	45,206
Cash and cash equivalents	-	7,607
Others	-	248
	-	180,383

Restriction imposed by bank covenants

The covenants of short-term loans taken by certain subsidiaries restrict their ability to provide advances to related companies and related parties. Any such advances to related companies and related parties are to be capped to the amounts below and to be gradually reduced.

	Group	
	2018 RM'000	2017 RM'000
TGH	52,700	52,700
TGSC	-	19,100

6. Investments in associates

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares				
Cost	17,634,648	17,634,648	11,983,065	11,983,065
Impairment loss				
At 1 June	-	-	(5,200,000)	(8,500,000)
Reversal of impairment loss	-	-	5,200,000	3,300,000
At 31 May	-	-	-	(5,200,000)
Share of post-acquisition reserves	(11,657,815)	(11,400,793)	-	-
	5,976,833	6,233,855	11,983,065	6,783,065

6. Investments in associates (continued)

Details of the associates are as follows :

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Nippon EGalv Steel Sdn. Bhd. ("NEG")	Malaysia	Manufacture of electro-galvanised steel	27.12	27.12
Nisshin Metal Services (M) Sdn. Bhd. ("Nisshin") #	Malaysia	Provide sheering, slitting, polishing services, and trading of stainless steel	25.00	25.00
PT. Indo Bestinox Industri ("PIB")^	Indonesia	Manufacture and distribution of stainless steel pipes and tubes	40.00	40.00

\# Held via Tatt Giap Hardware Sdn. Bhd.
^ Held via Superinox Pipe Industry Sdn. Bhd.

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates.

	NEG		Nisshin	
	2018 RM	2017 RM	2018 RM	2017 RM
Group				
Summarised financial information				
As at 31 May				
Non-current assets	95,544,985	98,782,448	5,644,682	5,847,585
Current assets	111,461,609	109,451,794	18,144,197	18,810,331
Non-current liabilities	(35,738,343)	(46,510,540)	-	-
Current liabilities	(141,763,308)	(131,264,954)	(3,987,390)	(4,863,028)
Net assets	29,504,943	30,458,748	19,801,489	19,794,888
Less: Non-Cumulative Redeemable Preference Shares not subscribed by the Company	(18,600,000)	(18,600,000)	-	-
Net assets	10,904,943	11,858,748	19,801,489	19,794,888

6. Investments in associates (continued)

Group	NEG 2018 RM	NEG 2017 RM	Nisshin 2018 RM	Nisshin 2017 RM
Summarised financial information				
As at 31 May				
(Loss)/Profit from continuing operations representing total comprehensive (expense)/income	(953,805)	14,399,353	456,601	1,022,710
Included in the total comprehensive (expense)/income is :				
Revenue	321,193,383	289,457,696	27,463,752	30,826,376

2018	NEG RM	Nisshin RM	Other immaterial associate RM	Total RM
Reconciliation of net assets to carrying amount as at 31 May				
Group's share of net assets representing the carrying amount in the statement of financial position	#1,026,461	4,950,372	-	5,976,833
Group's share of results for the year ended 31 May				
Group's share of (loss)/profit from continuing operations	(258,672)	1,650	*-	(257,022)
Other information				
Dividends received by the Group	-	112,500	-	112,500

6. Investments in associates (continued)

	2017			
	NEG RM	Nisshin RM	Other immaterial associate RM	Total RM
Reconciliation of net assets to carrying amount as at 31 May				
Group's share of net assets representing the carrying amount in the statement of financial position	1,285,133	4,948,722	-	6,233,855
Group's share of results for the year ended 31 May				
Group's share of profit from continuing operations				
- current year	#1,285,133	255,677	*-	1,540,810
- adjustment for losses over equity accounted in prior period	-	-	424,636	424,636
	1,285,133	255,677	424,636	1,965,446

\# The profit recognised is net of the reversal of all losses equity accounted in prior period/years.

* The recognition of further losses is discontinued as the Group's share of losses is confined to its interest in the associate.

7. Other investments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Available-for-sale financial assets	3,056,755	20,000	2,096,746	-

8. Inventories - Group

	2018 RM	2017 RM
Raw materials and consumables	298,322	1,788,015
Manufactured inventories	1,066,892	4,859,488
Trading inventories	276,234	244,411
	1,641,448	6,891,914

8. Inventories - Group (continued)

Recognised in profit or loss (included in cost of sales) :

	2018 RM	2017 RM
Inventories recognised as cost of sales	55,135,172	75,684,172
Inventories written down	50,415	-

9. Trade and other receivables

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade					
Trade receivables		946,868	15,652,538	-	-
Amount due from associates	9.1	-	45,477	-	-
Amount due from a related party	9.1	-	2,724,021	-	-
		946,868	18,422,036	-	-
Non-trade					
Amount due from subsidiaries	9.1	-	-	885,223	1,670,197
Amount due from associates	9.1	2,673,384	2,701,686	-	46,329
Amount due from related parties	9.1	6,980	1,002,006	2,700	295,737
Other receivables		1,199,764	1,652,343	35,875	315,822
Deposits		266,335	190,148	-	-
Prepayments	9.2	832,087	4,507,712	-	-
		4,978,550	10,053,895	923,798	2,328,085
		5,925,418	28,475,931	923,798	2,328,085

9.1 Amounts due from subsidiaries, associates and related parties

The trade amounts due from associates and a related party of the Group were subjected to normal trade terms.

The non-trade amounts due from subsidiaries, associates and related parties are unsecured, interest-free and repayable on demand.

9.2 Prepayments - Group

Included in prepayments are :

i) advance payments for trade purchases amounting to RM731,101 (2017 : RM1,321,758); and
ii) custom duty paid for import of materials of Nil (2017 : RM2,439,792).

10. Cash and cash equivalents

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Short-term deposits with a licensed bank	10.1	3,536,985	3,428,582	-	-
Cash and bank balances		359,122	4,954,536	74,727	6,141
		3,896,107	8,383,118	74,727	6,141

10.1 Short-term deposits with a licensed bank

The short-term deposits with a licensed bank are held in lien for borrowings granted to the Group (Note 15).

11. Assets classified as held for sale

Certain property, plant and equipment and investment properties of the Group and of the Company were presented as assets classified as held for sale following the commitment by the Group and the Company to dispose of these properties. Details of the assets classified as held for sale are as follows :

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
At 1 June	-	21,367,681	-	24,843,601
Transfer from property, plant and equipment (Note 3)				
- cost	37,679,102	1,587,308	-	1,587,308
- accumulated depreciation and impairment loss	(23,523,639)	(1,220,279)	-	(35,280)
	14,155,463	367,029	-	1,552,028
Disposal	-	(21,734,710)	-	(26,395,629)
At 31 May	14,155,463	-	-	-

Subsequent to the end of the financial reporting period, the assets classified as held for sale were disposed of by the Group. Details of the disposals are disclosed in Notes 31(a) and 31(c) respectively.

12. Share capital - Group/Company

	2018 Amount RM	2018 Number of shares	2017 Amount RM	2017 Number of shares
Ordinary shares issued and fully paid :				
At 1 June	82,574,773	155,103,402	77,551,701	155,103,402
Issued during the year	2,106,258	15,510,000	-	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 12.2)	-	-	5,023,072	-
At 31 May	84,681,031	170,613,402	82,574,773	155,103,402

12.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the year, the Company issued 15,510,000 new ordinary shares to eligible investors at RM0.1358 per share via a private placement.

12.2 Share premium

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.

Included in share capital is share premium amounted to RM5,023,072 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 31 January 2019 (twenty-four months from commencement of Section 74).

13. Reserves

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-distributable					
Reverse acquisition reserve	13.1	(53,300,000)	(53,300,000)	-	-
Fair value reserve	13.2	-	(27,195)	-	-
Revaluation reserve	13.3	16,571,013	21,114,530	-	-
Accumulated losses		(26,048,544)	(28,474,895)	(76,500,223)	(59,690,017)
		(62,777,531)	(60,687,560)	(76,500,223)	(59,690,017)

13. Reserves (continued)

13.1 Reverse acquisition reserve

This relates to the acquisition of Tatt Giap Hardware Sdn. Bhd. ("TGH") and its subsidiaries, where upon the completion of the said acquisition, the Company became the legal parent company of TGH. However, due to the relative value of TGH, the former equity holders of TGH became the majority equity holders of the Company. Furthermore, the Company's continuing operations and management are those of TGH. Accordingly, the substance of the business combination is that TGH acquired the Company through a reverse acquisition.

In accordance with MFRS 3, the amount recognised as issued equity instruments in the consolidated financial statements is determined by adding the cost of the business combination to the issued equity of TGH (i.e. the legal subsidiary) immediately before the business combination. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the issued equity structure of the Company, including the equity instruments issued by the Company to effect the combination.

13.2 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of available-for-sale financial assets until the investments are derecognised or impaired.

13.3 Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

14. Non-controlling interests

The non-controlling interests as at 31 May 2018 comprise redeemable convertible preference shares issued by a subsidiary during the year but not subscribed by the Company. The non-controlling interests as at the previous financial year end related to Tatt Giap Steel Centre Sdn. Bhd., a 51% owned subsidiary disposed during the year.

15. Loans and borrowings

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non-current					
Secured					
Term loans		21,182,307	23,138,276	-	-
Finance lease liabilities	15.2	63,095	195,945	-	-
		21,245,402	23,334,221	-	-

15. Loans and borrowings (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current					
Secured					
Term loans		3,599,004	3,897,718	-	-
Finance lease liabilities	15.2	100,613	880,324	-	-
Bankers' acceptances		-	56,887,000	-	-
Trust receipts		-	568,942	-	-
Bank overdrafts		22,669,010	3,889,217	-	-
		26,368,627	66,123,201	-	-
Unsecured					
Bankers' acceptances		-	1,290,000	-	-
Bank overdrafts		373,334	1,480,682	-	129,453
		373,334	2,770,682	-	129,453
		26,741,961	68,893,883	-	129,453

15.1 Securities - Group

The secured borrowings are secured by legal charges over the Group's land, buildings, plant and equipment, pledged short-term deposits of the Group and are jointly and severally guaranteed by a Director of the Group.

The finance lease liabilities are effectively secured as the rights to the assets under the finance lease that will revert to the lessor in the event of default.

15.2 Finance lease liabilities - Group

Finance lease liabilities are payable as follows :

	2018 Future minimum lease payments RM	2018 Interest RM	2018 Present value of minimum lease payments RM	2017 Future minimum lease payments RM	2017 Interest RM	2017 Present value of minimum lease payments RM
Less than 1 year	109,487	8,874	100,613	915,180	34,856	880,324
Between 1 and 5 years	65,257	2,162	63,095	207,947	12,002	195,945
	174,744	11,036	163,708	1,123,127	46,858	1,076,269

15. Loans and borrowings (continued)

15.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.6.2017 RM	Net changes from financing cash flows RM	Disposal of subsidiaries RM	At 31.5.2018 RM
Group				
Term loans	27,035,994	(2,254,683)	-	24,781,311
Finance lease liabilities	1,076,269	(615,053)	(297,508)	163,708
Other bank borrowings	58,745,942	(26,248,771)	(32,497,171)	-
	86,858,205	(29,118,507)	(32,794,679)	24,945,019

15.4 Breach of debt covenants - Group

Since the previous financial years, Superinox Pipe Industry Sdn. Bhd. ("SPI") and Tatt Giap Hardware Sdn. Bhd. ("TGH") were unable to meet their debt covenants requiring the subsidiaries to maintain their net tangible assets at certain amounts/levels as indicated in the loan agreements. The breach remained and has not been remediated as at the end of the current financial year. The total outstanding borrowings associated with these debt covenants amounting to RM24,538,502 (2017: RM46,870,160) were presented as current liabilities.

16. Trade and other payables

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-current					
Non-trade					
Amount due to a Director	16.1	4,585,790	10,125,631	-	10,125,631
Current					
Trade					
Trade payables		2,646,320	9,106,370	-	-
Amount due to associates	16.1	-	1,003,253	-	-
Amount due to related parties	16.1	-	9,507,835	-	-
		2,646,320	19,617,458	-	-

16. Trade and other payables (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Non-trade					
Amount due to a company in which a Director has a substantial financial interest	16.1	53,082	992,093	-	-
Amount due to Directors	16.1	2,535,174	3,556,421	2,535,174	175,304
Amount due to subsidiaries	16.1	-	-	24,137,053	23,513,387
Other payables	16.2	1,954,993	4,210,434	535,106	453,422
Accrued expenses		125,043	986,867	60,000	282,519
		4,668,292	9,745,815	27,267,333	24,424,632
		7,314,612	29,363,273	27,267,333	24,424,632

16.1 Amounts due to subsidiaries, associates, related parties, Directors and a company in which a Director has a substantial financial interest

The trade amounts due to associates and related parties were subjected to normal trade terms. Past due amounts due to associates and related parties of Nil (2017 : RM862,959 and RM1,225,082 respectively) are subject to interest at fixed rates of Nil (2017 : 3.00% to 9.00%) per annum.

The non-trade amount due to subsidiaries is unsecured, interest-free and payable on demand other than Nil (2017 : RM23,335,979) which bears interest at a fixed rate of Nil (2017 : 4.00%) per annum.

The non-trade amount due to a company in which a Director has a substantial financial interest is unsecured, interest-free and payable on demand.

The non-current amount due to Directors of the Group and of the Company is interest-free, unsecured and not repayable within the next 12 months.

The current amount due to a Director of the Group and the Company is interest-free, unsecured and payable on demand other than Nil (2017 : RM800,000) which bears interest at Nil (2017 : 2.00%) on monthly rests and Nil (2017 : RM2,581,117) which bears interest at a fixed rate of Nil (2017 : 4.00%) per annum.

16.2 Other payables

Included in the current amount due to other payables of the Group is RM1,242,301 (2017 : RM1,766,218) being advance payments received from customers.

17. Deferred tax liabilities - Group

Deferred tax liabilities are attributable to the following :

	2018 RM	2017 RM
Property, plant and equipment		
- revaluation surplus	2,184,934	6,362,287
Other deductible temporary differences	(229,138)	(229,138)
	1,955,796	6,133,149

Movements in temporary differences during the year

	At 1.6.2016 RM	Recognised in profit or loss (Note 21) RM	At 31.5.2017/ 1.6.2017 RM	Recognised in profit or loss (Note 21) RM	Disposal of subsidiaries RM	At 31.5.2018 RM
Property, plant and equipment						
- capital allowance	565,000	(565,000)	-	-	-	-
- revaluation surplus	12,400,709	(6,038,422)	6,362,287	(1,433,949)	(2,743,404)	2,184,934
Other deductible temporary differences	(229,138)	-	(229,138)	-	-	(229,138)
	12,736,571	(6,603,422)	6,133,149	(1,433,949)	(2,743,404)	1,955,796

Unrecognised deferred tax assets

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

	2018 RM	2017 RM
Tax losses carry-forward	63,068,000	58,573,000
Unabsorbed capital allowances	10,251,000	19,937,000
Others	325,000	576,000
	73,644,000	79,086,000

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

The comparative figures have been restated to exclude the unrecognised deferred tax assets of Tatt Giap Steel Centre Sdn. Bhd. and TGMI Industries Sdn. Bhd. which were disposed during the financial year.

18. Revenue - Group

Revenue comprise invoiced value of goods sold less discounts and returns.

19. Loss before tax

Loss before tax is arrived at :

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging :				
Auditors' remuneration				
Audit fees				
- KPMG PLT				
- current year	117,750	128,000	38,000	38,000
- prior year/period	15,000	10,000	15,000	10,000
Non-audit fees				
- KPMG PLT	5,000	45,000	5,000	10,000
- Local affiliate of KPMG PLT	36,500	36,500	2,500	2,500
Directors' emoluments				
Directors of the Company				
- fees				
- current Directors	42,000	48,000	42,000	48,000
- past Directors	18,000	-	18,000	-
- remuneration and others				
- current Directors	208,648	722,865	64,648	48,000
- past Directors	-	304,964	-	-
- contributions to Employees' Provident Fund				
- current Directors	22,680	81,840	5,400	-
- past Directors	-	36,930	-	-
Other Directors				
- remuneration and others	216,618	353,435	-	-
- contributions to Employees' Provident Fund	18,720	43,160	-	-
Rental expense	186,544	236,955	51,864	183,752
Realised loss on foreign exchange, net	-	537,471	3,305	1,432
Plant and equipment written off	1,574,417	-	-	-
Loss on disposal of plant and equipment	146,970	-	-	-
Impairment loss on :				
- property, plant and equipment	4,733,838	11,020,840	-	-
- investment in subsidiaries	-	-	24,338,841	35,827,579
- other investments	-	2,056,010	-	2,056,010
- trade receivables	450,000	200,606	-	-
- amount due from subsidiaries	-	-	6,227,786	29,400,199

19. Loss before tax (continued)

Loss before tax is arrived at (continued) :

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
and after crediting :				
Bad debts recovered	-	24,404	-	-
Dividend income	980	8,900	-	-
Gain on foreign exchange, net				
- realised	262,908	-	-	-
- unrealised	345,050	224,607	-	-
Gain on disposal of :				
- property, plant and equipment	-	416,250	-	-
- assets classified as held for sale	-	16,234,526	-	11,573,607
- investment in subsidiaries	3,080,043	-	7,807,932	-
- other investments	-	28,418	-	-
Interest income	115,598	294,833	-	-
Rental income	940,248	1,984,667	-	862,723
Reversal of impairment loss on :				
- investment in an associate	-	-	5,200,000	3,300,000
- other investments	1,001,119	-	1,001,119	-
- trade receivables	173,421	593,488	-	-
Remeasurement gain on retained interests in a subsidiary carried as other investments	940,009	-	-	-

The estimated monetary value of benefits received by certain Directors of the Group otherwise than in cash amounted to Nil (2017 : RM45,377).

20. Employee information

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Staff costs (including Directors)	2,627,498	6,644,438	398,972	48,000

Staff costs of the Group and the Company include contributions to the Employees' Provident Fund of RM305,553 (2017 : RM718,266) and RM46,841 (2017: Nil) respectively.

21. Tax expense

Recognised in profit or loss

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Tax expense on continuing operations	(2,915,948)	(5,036,267)	(1,474,774)	1,663,128

Major components of tax expense include :

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current tax expense				
- Current year	25,226	1,524,323	25,226	1,500,000
- Prior year/period	(1,507,225)	42,832	(1,500,000)	163,128
	(1,481,999)	1,567,155	(1,474,774)	1,663,128
Deferred tax expense				
- Current year	-	(565,000)	-	-
- Reversal of deferred tax on revaluation surplus	(1,433,949)	(6,038,422)	-	-
	(1,433,949)	(6,603,422)	-	-
Total tax expense	(2,915,948)	(5,036,267)	(1,474,774)	1,663,128

Reconciliation of tax expense

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Loss for the year	(7,699,180)	(5,660,348)	(16,810,206)	(54,325,519)
Total tax expense	(2,915,948)	(5,036,267)	(1,474,774)	1,663,128
Loss excluding tax	(10,615,128)	(10,696,615)	(18,284,980)	(52,662,391)

21. Tax expense (continued)

Reconciliation of tax expense (continued)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Income tax calculated using Malaysian tax rate of 24%	(2,547,631)	(2,567,188)	(4,388,395)	(12,638,974)
Non-deductible expenses	5,584,257	1,072,877	7,779,641	16,299,848
Income not subject to tax	(1,766,778)	(3,752,509)	(3,366,020)	(1,919,949)
Deferred tax assets not recognised	-	6,377,000	-	-
Utilisation of deferred tax assets not recognised	(1,306,080)	-	-	-
Reversal of deferred tax on revaluation surplus	(1,433,949)	(6,038,422)	-	-
Others	61,458	(170,857)	-	(240,925)
	(1,408,723)	(5,079,099)	25,226	1,500,000
(Over)/Under-provision in prior year/period	(1,507,225)	42,832	(1,500,000)	163,128
	(2,915,948)	(5,036,267)	(1,474,774)	1,663,128

22. Other comprehensive income - Group

	Before tax RM	Tax expense RM	Net of tax RM
Item that is or may be reclassified subsequently to profit or loss			
2018			
Fair value of available-for-sale financial assets	-	-	-
2017			
Fair value of available-for-sale financial assets	38,600	-	38,600

23. Loss per ordinary share - Group

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 May 2018 was based on the loss attributable to the ordinary shareholders and a weighted average number of ordinary shares outstanding as follows :

	2018 RM	2017 RM
Loss for the year attributable to owners of the Company	(6,100,023)	(3,007,112)

	2018	2017
Issued ordinary shares at beginning of year	155,103,402	155,103,402
Effect of shares issued during the year	1,090,638	-
Weighted average number of ordinary shares	156,194,040	155,103,402

24. Related parties

Identity of related parties

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

The Group has related party relationship with its subsidiaries and associates as disclosed in the financial statements, significant investors of a subsidiary prior the disposal of Tatt Giap Steel Centre Sdn. Bhd. on 23 February 2018, key management personnel of the Group, a firm in which a Director is a partner and a company in which a Director is deemed to have a substantial financial interest.

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 and of the Company either directly or indirectly. The key management personnel include the Directors of the Group and of the Company.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 16.

(i) Transactions with subsidiaries

	2018 RM	2017 RM
Company		
Purchase of plant and equipment	-	(1,542,830)
Interest expense	(312,767)	(820,081)

24. Related parties (continued)

Significant related party transactions (continued)

(ii) Transactions with associates

	2018 RM	2017 RM
Group		
Interest expense	-	(68,680)
Sales	219,551	433,448
Purchases	(663,468)	(2,844,017)
Rental income	-	622,675
Management fees	99,403	706,276
Company		
Rental income	-	619,675
Management fees	99,403	706,276

(iii) Transactions with substantial shareholders of a subsidiary

	Period from 1.6.2017 to 23.2.2018 RM	31.5.2017 RM
Group		
Rental income	14,380	-
Rental expense	(50,688)	(63,752)
Sale of land and building	-	41,000,000
Sales	-	445,167
Purchases	(39,312,027)	(22,308,120)
Management fees	-	(87,714)
Interest expense	(37,799)	(501,981)
Corporate guarantee fee income	89,962	151,202
Company		
Rental expense	(50,688)	(63,752)
Corporate guarantee fee income	89,962	151,202

24. Related parties (continued)

Significant related party transactions (continued)

(iv) Transactions with Directors

There were no transactions with the Directors and key management personnel of the Group and the Company other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 19 to the financial statements and the following :

	2018 RM	2017 RM
Group		
Advances from a Director	-	10,125,631
Personal guarantee fee	(226,313)	(327,123)
Interest expense	(43,500)	(16,000)
Rental expense	-	(248,400)
Company		
Advances from a Director	-	10,125,631
Rental expense	-	(120,000)

(v) Transactions with a firm in which a Director is a partner

	2018 RM	2017 RM
Group		
Legal fee expense	(396,979)	-
Company		
Legal fee expense	(202,189)	-

(vi) Transactions with related parties

	2018 RM	2017 RM
Group		
Rental expense	(60,000)	-
Sales	488,264	2,724,021

25. Operating segments - Group

The Group only has one reportable segment which is principally confined to the manufacturing and trading of various steel products which include stainless steel pipes, tubes and bars, electro-galvanised steel, perforated metal products and other ferrous and non-ferrous metal products. The Group's Executive Chairman (being the chief operating decision maker until 23 March 2018) reviews internal management reports on the reportable segment on a quarterly basis. Thereafter, the Group's Managing Director assumed the role as the chief operating decision maker. Accordingly, information by operating segment on the Group's operations as required by MFRS 8 is not presented.

25. Operating segments - Group (continued)

Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments (including investments in associates).

Geographical information

	Revenue RM	Non-current assets RM
2018		
Malaysia	34,494,060	58,180,579
Europe	16,462,638	-
Asia (excluding Malaysia)	1,686,637	-
United States of America	5,344,413	-
Brazil	4,379,405	-
	62,367,153	58,180,579
2017		
Malaysia	56,580,033	123,186,335
Europe	17,657,930	-
Asia (excluding Malaysia)	4,443,524	-
United States of America	5,667,346	-
	84,348,833	123,186,335

26. Contingent liabilities - Company

The Company has issued corporate guarantees to banks and financial institutions for borrowings granted to certain subsidiaries for RM70,400,000 (2017 : RM137,289,972) of which, RM47,823,655 (2017 : RM88,596,356) were utilised at the end of the reporting period. As at the end of the reporting period, none of the subsidiaries has defaulted on repayment.

The Company has also issued guarantees to suppliers of certain subsidiaries amounting to Nil (2017 : RM1,887,812). As at the end of the reporting period, none of the subsidiaries has defaulted on repayment.

27. Capital commitment - Company

	2018 RM	2017 RM
Contracted but not provided for		
- Investment in an associate	-	1,174,000

28. Financial instruments

28.1 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").

	Carrying amount RM	L&R RM	AFS RM
2018			
Financial assets			
Group			
Other investments	3,056,755	-	3,056,755
Trade and other receivables (excluding prepayments)	5,093,331	5,093,331	-
Cash and cash equivalents	3,896,107	3,896,107	-
	12,046,193	8,989,438	3,056,755
Company			
Trade and other receivables (excluding prepayments)	923,798	923,798	-
Cash and cash equivalents	74,727	74,727	-
	998,525	998,525	-

	Carrying amount RM	FL RM
Financial liabilities		
Group		
Loans and borrowings	47,987,363	47,987,363
Trade and other payables	11,900,402	11,900,402
	59,887,765	59,887,765
Company		
Trade and other payables	27,267,333	27,267,333

28. Financial instruments (continued)

28.1 Categories of financial instruments (continued)

2017	Carrying amount RM	L&R RM	AFS RM
Financial assets			
Group			
Other investments	20,000	-	20,000
Trade and other receivables (excluding prepayments)	23,968,219	23,968,219	-
Cash and cash equivalents	8,383,118	8,383,118	-
	32,371,337	32,351,337	20,000
Company			
Trade and other receivables (excluding prepayments)	2,328,085	2,328,085	-
Cash and cash equivalents	6,141	6,141	-
	2,334,226	2,334,226	-

	Carrying amount RM	FL RM
Financial liabilities		
Group		
Loans and borrowings	92,228,104	92,228,104
Trade and other payables	39,488,904	39,488,904
	131,717,008	131,717,008
Company		
Loans and borrowings	129,453	129,453
Trade and other payables	34,550,263	34,550,263
	34,679,716	34,679,716

28. Financial instruments (continued)

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net gains/(losses) on :				
Available-for-sale financial assets - reclassified from equity to profit or loss	-	38,600	-	-
Loans and receivables	(160,981)	673,519	(6,231,091)	(29,401,631)
Financial liabilities measured at amortised cost	(5,039,716)	(8,617,527)	(312,767)	(820,081)
	(5,200,697)	(7,905,408)	(6,543,858)	(30,221,712)

28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

28.4 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 ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements 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 90 days, which are deemed to have higher credit risk, are monitored individually.

28. Financial instruments (continued)

28.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was :

Group	2018 RM	2017 RM
Domestic	933,836	16,493,239
Asia (excluding Malaysia)	13,032	-
United States of America	-	1,928,797
	946,868	18,422,036

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

Group	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
2018				
Not past due	311,644	-	-	311,644
Past due 1-30 days	189,778	-	-	189,778
Past due 31-60 days	51,420	-	-	51,420
Past due 61-90 days	5,574	-	-	5,574
Past due more than 90 days	2,173,651	(1,785,199)	-	388,452
	2,732,067	(1,785,199)	-	946,868
2017				
Not past due	12,114,347	-	-	12,114,347
Past due 1-30 days	1,534,088	-	-	1,534,088
Past due 31-60 days	107,181	-	-	107,181
Past due 61-90 days	11,389	-	-	11,389
Past due more than 90 days	6,613,651	(1,958,620)	-	4,655,031
	20,380,656	(1,958,620)	-	18,422,036

28. Financial instruments (continued)

28.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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

	Group	
	2018	**2017**
	RM	**RM**
At 1 June	1,958,620	2,354,830
Impairment loss recognised	450,000	200,606
Impairment loss reversed	(173,421)	(593,488)
Bad debts written off	-	(3,328)
Disposal of subsidiaries	(450,000)	-
At 31 May	1,785,199	1,958,620

The allowance account in respect of trade 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 advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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

The movements in the allowance for impairment losses during the financial year were :

	Company	
	2018	**2017**
	RM	**RM**
At 1 June	40,637,458	11,237,259
Impairment loss recognised	6,227,786	29,400,199
At 31 May	46,865,244	40,637,458

28. Financial instruments (continued)

28.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and suppliers in respect of banking facilities and trade purchases granted to its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM47.8 million (2017: RM88.6 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Financial guarantees to trade suppliers for trade purchases made by subsidiaries amounted to the suppliers Nil (2017 : RM1.9 million) representing the outstanding amount due by subsidiaries to the suppliers as at the end of the reporting period.

As at the end of the reporting period, none of the subsidiaries has defaulted on repayment.

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

28.5 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, loans and borrowings.

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.

The Group and the Company incurred a loss of RM7,699,180 and RM16,810,206 respectively for the financial year ended 31 May 2018 and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM8,466,924 and RM26,288,074 respectively.

The Company has proposed to undertake several proposals during the year as disclosed in Note 30(f) which included a proposed share capital reduction, diversification of principal activities and a renounceable rights issue. Subsequent to the end of the reporting period, the Company's proposed share capital reduction was approved by the High Court and the Group has also disposed of certain property, plant and equipment as disclosed in Note 31.

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

The Directors are of the view that the Group and the Company will be able to meet their liabilities as and when they fall due using proceeds from the disposal of the property, plant and equipment and will be able to obtain continuing financial support from Directors, shareholders, bankers and creditors.

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

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

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 amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
2018							
Group							
Term loans	24,781,311	5.52 - 8.60	43,249,351	3,686,318	1,729,512	5,188,536	32,644,985
Finance lease liabilities	163,708	4.02 - 4.64	174,744	109,487	59,840	5,417	-
Bank overdrafts	23,042,344	5.85 - 8.60	23,042,344	23,042,344	-	-	-
Amount due to a Director	7,120,964	-	7,120,964	2,535,174	4,585,790	-	-
Trade and other payables	4,779,438	-	4,779,438	4,779,438	-	-	-
	59,887,765		78,366,841	34,152,761	6,375,142	5,193,953	32,644,985
Company							
Sundry payables	27,677,333	-	27,677,333	27,677,333	-	-	-
Financial guarantees	-	-	47,823,655	47,823,655	-	-	-
	27,267,333		75,500,988	75,500,988	-	-	-

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
2017							
Group							
Bank overdrafts	5,369,899	5.85 - 8.60	5,369,899	5,369,899	-	-	-
Bankers' acceptances	58,177,000	4.97 - 8.46	58,177,000	58,177,000	-	-	-
Term loans	27,035,994	6.72 - 7.85	45,038,435	5,866,275	1,729,512	5,188,536	32,254,112
Finance lease liabilities	1,076,269	2.67 - 4.64	1,123,127	915,180	142,690	65,257	-
Trust receipts	568,942	8.40	568,942	568,942	-	-	-
Amount due to :							
- associates	862,959	3.00 - 9.00	862,959	862,959	-	-	-
- related parties	1,225,082	3.00 - 9.00	1,225,082	1,225,082	-	-	-
- a Director (interest bearing)	3,381,117	4.00 - 4.16	3,381,117	3,381,117	-	-	-
- a Director (non-interest bearing)	10,300,935	-	10,300,935	175,304	10,125,631	-	-
Trade and other payables	23,718,811	-	23,718,811	23,718,811	-	-	-
	131,717,008		149,766,307	100,260,569	11,997,833	5,253,793	32,254,112
Company							
Bank overdrafts	129,453	5.85	129,453	129,453	-	-	-
Amount due to subsidiaries	23,335,979	4.00	23,335,979	23,335,979	-	-	-
Amount due to a Director	10,300,935	-	10,300,935	175,304	10,125,631	-	-
Sundry payables	913,349	-	913,349	913,349	-	-	-
Financial guarantees	-	-	90,484,168	90,484,168	-	-	-
	34,679,716		125,163,884	115,038,253	10,125,631	-	-

28. Financial instruments (continued)

28.6 Market risk

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

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

It is generally the Group's practice not to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency other than to cover short term positions.

Exposure to foreign currency risk

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

	Group	
	2018	**2017**
	RM	**RM**
Amount denominated in USD :		
Trade and other receivables	13,032	3,839,053
Trade and other payables	(1,031,377)	(10,306,452)
Cash and cash equivalents	512	705,831
Net exposure	(1,017,833)	(5,761,568)

Currency risk sensitivity analysis

A 5% (2017 : 5%) strengthening of the RM against the USD at the end of the reporting period would have decreased post-tax profit or loss by RM38,678 (2017: RM218,940). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases. There is no impact to equity arising from exposure to currency risk.

A 5% (2017 : 5%) weakening of the RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and 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 is presently enjoying market interest rates which are reviewed and negotiated on a yearly basis. The Group manages its interest rate risk by having a combination of borrowings with fixed and floating rates.

Exposure to interest rate risk

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Fixed rate instruments				
Financial assets	3,536,985	3,428,582	-	-
Financial liabilities	(163,708)	(65,291,369)	-	(23,335,979)
	3,373,277	(61,862,787)	-	(23,335,979)
Floating rate instruments				
Financial liabilities	(47,823,655)	(32,405,893)	-	(129,453)

Interest rate risk sensitivity analysis

(a) *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.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or loss	
	50 bp increase RM	**50 bp decrease RM**
Group		
2018		
Floating rate instruments	181,730	(181,730)
2017		
Floating rate instruments	123,142	(123,142)
Company		
2018		
Floating rate instruments	-	-
2017		
Floating rate instruments	(492)	492

28.7 Fair value information

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

28. Financial instruments (continued)

28.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2018										
Group										
Financial assets										
Other investments	20,000	-	3,036,755	3,056,755	-	-	-	-	3,056,755	3,056,755
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(24,781,000)	(24,781,000)	(24,781,000)	(24,781,311)
Finance lease liabilities	-	-	-	-	-	-	(164,000)	(164,000)	(164,000)	(163,708)
Amount due to a Director	-	-	-	-	-	-	(4,586,000)	(4,586,000)	(4,586,000)	(4,586,790)
	-	-	-	-	-	-	(29,531,000)	(29,531,000)	(29,531,000)	(29,531,809)

28. Financial instruments (continued)

28.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2017										
Group										
Financial assets										
Other investments - quoted	20,000	-	-	20,000	-	-	-	-	20,000	20,000
Financial liabilities										
Term loans - variable rate	-	-	-	-	-	-	(27,036,000)	(27,036,000)	(27,036,000)	(27,035,994)
Finance lease liabilities	-	-	-	-	-	-	(1,076,000)	(1,076,000)	(1,076,000)	(1,076,269)
Amount due to a Director	-	-	-	-	-	-	(10,126,000)	(10,126,000)	(10,126,000)	(10,125,631)
	-	-	-	-	-	-	(38,238,000)	(38,238,000)	(38,238,000)	(38,237,894)
Company										
Financial liabilities										
Amount due to a Director	-	-	-	-	-	-	(10,126,000)	(10,126,000)	(10,126,000)	(10,125,631)

28. Financial instruments (continued)

28.7 Fair value information (continued)

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.

Transfer between levels

There has been no transfer between the fair value levels during the financial year.

Level 1 fair value

The fair value of quoted investments is derived from quoted prices (unadjusted) in active markets.

Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximate their fair values as their effective interest rate changes accordingly to movements in the market interest rate. The fair value of finance lease liabilities is calculated using discounted cash flows using a rate based on the current market rate of borrowings at the reporting date.

29. 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.

The Group and the Company incurred a loss of RM7,699,180 and RM16,810,206 respectively for the financial year ended 31 May 2018 and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM8,466,924 and RM26,288,074 respectively.

The Company has proposed to undertake several proposals during the year as disclosed in Note 30(f) which include a proposed share capital reduction, diversification of principal activities and a renounceable rights issue. Subsequent to the end of the reporting period, the Company's proposed share capital reduction was approved by the High Court and the Group has also disposed of certain property, plant and equipment as disclosed in Note 31.

The Directors are of the view that the Group and the Company will be able to meet their liabilities as and when they fall due using proceeds from the disposal of the property, plant and equipment and will be able to obtain continuing financial support from Directors, shareholders, bankers and creditors.

30. Significant events during the year

(a) On 31 July 2017, the Company entered into a Share Sale and Purchase Agreement ("SSPA") with Hanwa Co. Ltd., a substantial shareholder of Tatt Giap Steel Centre Sdn. Bhd. ("TGSC"), a 51% owned subsidiary of the Company to dispose of 41% of its equity interests representing 16,400,000 ordinary shares in TGSC for a total cash consideration of RM12,300,000. The disposal was approved by the shareholders of the Company via an Extraordinary General Meeting convened on 23 February 2018.

On 30 March 2018, Hanwa Co. Ltd. effectively took control of TGSC and accordingly, TGSC ceased to be a subsidiary of the Company. The disposal resulted in a gain of RM3,854,038 being recognised by the Group. The remaining 10% interests retained by the Company in TGSC was re-measured and presented as other investments.

(b) On 1 August 2017, the Company entered into a SSPA to dispose of its entire equity interests in a subsidiary, TGMI Industries Sdn. Bhd. for a cash consideration of RM1. The disposal resulted in a gain of RM178,080 being recognised by the Group.

(c) On 29 September 2017, Superinox Pipe Industry Sdn. Bhd. ("SPI"), a wholly-owned subsidiary of the Company issued 6,000,000 Redeemable Convertible Preference Shares ("RCPS") at an issue price of RM1.00 per RCPS. The RCPS are subscribed by a Director of SPI.

(d) On 10 October 2017, the Company undertook a private placement and issued 15,510,000 ordinary shares at an issue price of RM0.1358 per share.

(e) On 27 February 2018, Tatt Giap Hardware Sdn. Bhd. ("TGH"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement to dispose of a freehold land, warehouse and buildings for a total cash consideration of RM10.8 million. The disposal was completed subsequent to the financial year end.

(f) On 2 April 2018, the Company announced the following proposals to be undertaken :

i) Proposed reduction of the Company's share capital by RM60 million pursuant to section 116 of the Companies Act 2016;

ii) Proposed diversification of the Group's principal activities into construction, property development and property investment;

iii) Proposed renounceable rights issue of up to 682,453,608 new irredeemable convertible preference shares ("ICPS") together with up to 85,306,701 free detachable warrants ("Warrants") on the basis of eight (8) ICPS together with one (1) free warrant for every two (2) existing shares held by the entitled shareholders of the Company; and

iv) Proposed amendments to the Constitution/Memorandum and Articles of Association of the Company.

(Collectively referred to as the "Proposals")

The Proposals were approved by the relevant authorities on 2 May 2018 and by the shareholders of the Company during an Extraordinary General Meeting convened on 31 May 2018.

31. Subsequent events

Subsequent to the end of the financial reporting period, the following events took place :

(a) On 8 June 2018, a wholly-owned subsidiary, Superinox Pipe Industry Sdn. Bhd. entered into a Sale and Purchase Agreement ("SPA") to dispose of certain of its plant and equipment for a total cash consideration of RM4.0 million. The Group has received non-refundable deposits of RM0.83 million subsequent to the signing of the SPA.

The disposal is not expected to result in any material gain or loss to the Group in the financial year ending 31 May 2019.

(b) On 20 July 2018, the High Court granted an order confirming the share capital reduction of the Company ("Court Oder"). The Court Order was lodged with the Registrar of Companies on 26 July 2018, following which the share capital reduction became effective and is deemed completed. Pursuant to the share capital reduction, the issued and paid-up share capital of the Company was reduced from RM84,681,031 comprising of 170,613,402 ordinary shares to RM24,681,031 comprising of 170,613,402 ordinary shares.

(c) On 3 August 2018, the shareholders of the Company via an Extraordinary General Meeting convened, approved the disposal of a freehold land, warehouse and building by Tatt Giap Hardware Sdn. Bhd., a wholly-owned subsidiary of the Company for a total cash consideration of RM10.8 million. The disposal did not result in any material gain or loss to the Group in financial year ending 31 May 2019.

(d) Subsequent to the end of the financial reporting period, certain companies controlled by a shareholder of the Company provided an advance of RM16.0 million to the Group and the Company for working capital purposes, pending the completion of the Company's renounceable rights issue as disclosed in Note 30(f).

Tatt Giap Group Berhad

(Company No. 732294 - W)
(Incorporated in Malaysia)

and its subsidiaries

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 6 to 85 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 May 2018 and of their financial performance and cash flows for the financial year then ended.

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

....

Lee Poay Keong
Director

....

Dato' Liang Chee Fong
Director

Date : 27 September 2018

Tatt Giap Group Berhad
(Company No. 732294 - W)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Lee Poay Keong**, the Director primarily responsible for the financial management of Tatt Giap Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 6 to 85 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 **Lee Poay Keong**, NRIC: 550914-07-5129, at Kuala Lumpur in the Federal Territory on 27 SEP 2018.

....
Lee Poay Keong

Before me :

PESURUHJAYA SUMPAH
No: W 613
Nama: WONG CHOONG KIN @ DONNY
MALAYSIA

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATT GIAP GROUP BERHAD

(Company No. 732294 - W)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tatt Giap Group Berhad, which comprise the statements of financial position as at 31 May 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 85.

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 May 2018, 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.

Key Audit Matters (continued)

Assessment of funding requirements and ability to meet short term obligations - Group and Company

Refer to page 21, Note 1(b) - *Basis of measurement*

The key audit matter	How the matter was addressed in our audit
As of 31 May 2018, the current liabilities of the Group and of the Company exceeded their current assets by RM8,466,924 and RM26,288,074 respectively. As disclosed in Note 30(f), the Company has proposed to undertake several proposals during the year which included a proposed share capital reduction, diversification of principal activities and a renounceable rights issue. As disclosed in Note 31, subsequent to the end of the financial reporting period, the Company's proposed share capital reduction was approved by the High Court, the Group completed the disposal of certain property, plant and equipment and RM16.0 million was provided by certain companies controlled by a shareholder the Company as advance for working capital purposes to the Group. The ability of the Group and the Company to generate sufficient cash flows to meet their liabilities as and when they fall due is dependent upon whether the Group and the Company are able to obtain continuing financial support from their Directors, shareholders, bankers and creditors and the successful completion of the proposals as disclosed in Note 30(f) to the financial statements. The assessment on the ability of the Group and the Company to generate sufficient cash flows to meet their obligations when due is a key audit matter as it involves consideration of future events which are uncertain and required significant judgement.	We performed the following audit procedures, among others : • We considered the available financing facilities of the Group and of the Company and assessed the timing of repayment to bankers and lenders to ascertain whether sufficient funds are available for the Group and the Company to meet their obligations when fall due. We have also considered the breach of loan covenants by certain subsidiaries and their potential impact. • We tested the receipts of certain past due trade and non-trade receivables of the Group. • In respect of the Group's disposal of property, plant and equipment subsequent to the end of the financial reporting period, we agreed the sales proceeds to the Sales and Purchase Agreements and tested the receipts of the sale consideration. • We tested the receipts of the advance from certain companies controlled by a shareholder of the Company.

Key Audit Matters (continued)

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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

Other Matter

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

Raymond Chong Chee Mon
Approval Number : 03272/06/2020 J
Chartered Accountant

Date : 27 September 2018

Penang

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05 NOV 2018
Ong Tze-En
Company Secretary
MAICSA 7026537

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of comprehensive income for the quarter ended 31 August 2018

		Individual period		Cumulative period	
		Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
		31-Aug-18 RM'000	31-Aug-17 RM'000	31-Aug-18 RM'000	31-Aug-17 RM'000
Continuing operations	**Note**				
Revenue		5,014	21,924	5,014	21,924
Cost of sales		(5,225)	(21,190)	(5,225)	(21,190)
Gross profit / (loss)		(211)	734	(211)	734
Distribution costs		(134)	(995)	(134)	(995)
Administrative expenses		(952)	(1,336)	(952)	(1,336)
Other operating expenses		(686)	(254)	(686)	(254)
Other operating income		221	916	221	916
Results from operating activities		(1,762)	(935)	(1,762)	(935)
Finance costs		(982)	(1,572)	(982)	(1,572)
Operating loss	1	(2,744)	(2,507)	(2,744)	(2,507)
Share of profit/(loss) of equity accounted associates, net of tax		(265)	529	(265)	529
Loss before tax		(3,009)	(1,978)	(3,009)	(1,978)
Income tax expenses		-	-	-	-
Loss for the period		(3,009)	(1,978)	(3,009)	(1,978)
Other comprehensive income, net of tax					
Profit on available-for-sale financial assets		-	-	-	-
Total comprehensive expense for the period		(3,009)	(1,978)	(3,009)	(1,978)
Loss for the period attributable to:					
Owners of the Company		(3,009)	(975)	(3,009)	(975)
Non-controlling interests		-	(1,003)	-	(1,003)
Loss for the period		(3,009)	(1,978)	(3,009)	(1,978)
Total comprehensive attributable to:					
Owners of the Company		(3,009)	(975)	(3,009)	(975)
Non-controlling interests		-	(1,003)	-	(1,003)
Total comprehensive expense for the period		(3,009)	(1,978)	(3,009)	(1,978)
Loss per ordinary share (sen)		(1.76)	(0.63)	(1.76)	(0.63)

\# The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of comprehensive income for the quarter ended 31 August 2018 (continued)

	Individual period		Cumulative period	
	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
Note:	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
1. Operating loss is arrived at:	RM'000	RM'000	RM'000	RM'000
After charging:				
- Depreciation on property, plant and equipment	299	1,335	299	1,335
- Impairment loss on trade & other receivables	-	210	-	210
- Interest expense	982	1,572	982	1,572
- Realized loss on foreign exchange	34	100	34	100
After crediting:				
- Dividend income	1	113	1	113
- Interest income	-	2	-	2
- Realised gain on foreign exchange	31	111	31	111

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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05 NOV 2018
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Company Secretary
MAICSA 7026537

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of financial position as at 31 August 2018

	As at 31-Aug-18 RM'000	Audited as at 31-May-18 RM'000
Assets		
Property, plant and equipment	54,825	55,124
Investment in associates	5,711	5,977
Other investments	3,057	3,057
Total non-current assets	63,593	64,158
Inventories	1,056	1,641
Trade and other receivables	1,383	5,926
Current tax assets	8	7
Assets classified as held for sale	3,700	14,155
Cash and cash equivalents	756	3,896
Total current assets	6,903	25,625
Total assets	70,496	89,783
Equity		
Share capital	24,681	84,681
Reserves	(5,787)	(62,778)
Total equity attributable to owners of the Company	18,894	21,903
Non-controlling interests	6,000	6,000
Total equity	24,894	27,903
Liabilities		
Loans and borrowings	20,986	21,245
Other Payables	8,585	4,586
Deferred tax liabilities	1,956	1,956
Total non-current liabilities	31,527	27,787
Loans and borrowings	12,448	26,742
Trade and other payables	1,611	7,315
Current tax liabilities	17	36
Total current liabilities	14,076	34,093
Total liabilities	45,603	61,880
Total equity and liabilities	70,497	89,783
Net assets per share attributable to owners of the Company (sen)	11.07	12.84

#The above condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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05 NOV 2018

Ong Tze-En
Company Secretary
MAICSA 7026537

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TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of changes in equity for the financial period ended 31 August 2018

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital	Share premium	Reverse Acquistion Reserve	Fair value	Revaluation Reserve	Retained earning / (losses)	Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2017	82,575	-	(53,300)	(27)	21,115	(28,475)	21,887	11,693	33,580
Profit for the period	-	-	-	-	-	(975)	(975)	(1,002)	(1,977)
Total comprehensive income /(expense) for the period	-	-	-	-	-	**(975)**	**(975)**	**(1,002)**	**(1,977)**
At 31 August 2017	82,575	-	(53,300)	(27)	21,115	(29,450)	20,912	10,691	31,603
At 1st June 2018	84,681	-	(53,300)	-	16,571	(26,048)	21,903	6,000	27,903
Loss for the period	-	-	-	-	-	(3,009)	(3,009)	-	(3,009)
Total comprehensive income /(expense) for the period	-	-	-	-	-	(3,009)	(3,009)	-	- (3,009)
Capital reduction	(60,000)	-	-	-	-	60,000	-	-	-
At 31 August 2018	24,681	-	(53,300)	-	16,571	30,943	18,894	6,000	24,894

#The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements. 4

Company No. 732294-W

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of cash flows for the financial period ended 31 August 2018

	Note	3 months period to 31-Aug-18 RM'000	12 months period to 31-May-18 (Audited) RM'000
Cash flows from operating activities			
Loss before tax		(3,009)	(10,615)
Adjustments for:			
Depreciation on property, plant and equipment		299	3,742
Write off of plant and equipments			1,574
Impairment loss on:			
- property, plant and equipment		-	4,734
Interest expense		982	5,648
Interest income		(1)	(116)
Loss / (Gain) on disposal of:			
- plant and equipment		-	147
- investment in subsidiay		-	(3,080)
Reversal of impairment loss on			
- other investment		-	(1,001)
Dividend income		1	(1)
Remeasurement gain on retained interest in a subsidiary carried as other investment		-	(940)
Share of (profit)/loss of equity accounted associates, net of tax		265	257
Operating profit/(loss) before working capital changes		(1,463)	349
Changes in working capital:			
Inventories		586	(17,720)
Trade and other receivables		4,543	(9,168)
Trade and other payables		(5,676)	24,020
Cash used from operations		(2,010)	(2,519)
Income taxes paid		(20)	(237)
Net cash used in operating activities		(2,030)	(2,756)
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	-	(608)
Proceeds from disposal of:			
- property, plant and equipment		-	8,706
- assets classified as held for sale		10,800	-
Interest received		1	116
Dividends received		(1)	1
Net cash inflow on disposal of subsidiaries	B	-	4,581
Net cash from investing activities		10,800	12,796

#The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of cash flows for the financial period ended 31 August 2018 (continued)

	Note	3 months periods to 31-Aug-18 RM'000	12 months periods to 31-May-18 (Audited) RM'000
Cash flows from financing activities			
Advances from / (Repayment to) a Director		3,999	(5,540)
Interest paid		(983)	(5,648)
Proceeds from:			
- Issuance of ordinary shares		-	2,106
- Issuance of redeemable convertible perference shares by a subsidiary		-	6,000
Repayment of term loans		(2,362)	(2,255)
Repayment of other borrowings, net		-	(26,249)
Repayment of finance lease liabilities		(14)	(615)
Uplift of /(Placement) pledged short-term deposits		3,537	(108)
Net cash used in financing activities		4,177	(32,309)
Net increase/(decrease) in cash and cash equivalents		12,947	(22,269)
Cash and cash equivalents as at beginning of financial period		(22,683)	(414)
Cash and cash equivalents as at end of financial period	C	(9,736)	(22,683)

Notes:

A. Acquisition of property, plant and equipment

During the financial period ended 31 August 2018, no additional property, plant and equipment was acquired by the Group.

B. Disposal of subsidiaries

On 31 July 2017, the Company entered into a Share Sale Agreement to dispose 41% of its equity interest in Tatt Giap Steel Centre Sdn Bhd ("TGSC") for a total cash consideration of RM12,300,000.

On 1 August 2017, the Company entered into a Share Sale Agreement to dispose its entire interest in TGMI Industries Sdn Bhd ("TGMI") for a total cash consideration of RM1.

#The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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05 NOV 2018

Ong Tze-En
Company Secretary
MAICSA 7026537

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

Unaudited condensed consolidated statement of cash flows for the financial period ended 31 August 2018 (continued)

The disposal of TGMI and TGSC, which were completed on 1 August 2017 and 23 February 2018 respectively, had the following effects on the financial position of the Group:

	TGMI RM'000	TGSC RM'000	Total RM'000
Property, plant and equipment	-	40,542	40,542
Inventories	-	22,970	22,970
Cash and cash equivalents	23	7,696	7,719
Trade and other receivables	44	31,674	31,718
Current tax assets	-	7	7
Loans and borrowings	-	(32,795)	(32,795)
Deferred tax liabilities	-	(2,743)	(2,743)
Trade and other payables	(245)	(45,824)	(46,069)
Non-controlling interest	-	(10,094)	(10,094)
Net (liabilities)/assets relieved	(178)	11,434	11,256
Fair value of interest retained	-	(2,036)	(2,036)
Gain on disposals of subsidiaries	178	2,902	3,080
Consideration received, satisfied in cash	0	12,300	12,300
Cash and cash equivalents disposed of	(23)	(7,696)	(7,719)
Net cash (outflow)/infolw	(23)	4,604	4,581

C. **Cash and cash equivalents**

Cash and cash equivalents included in the consolidated statement of cash flows comprised the following amounts:

	3 months period to 31-Aug-18 RM'000	12 months period to 31-May-18 RM'000
Cash and bank balances	756	359
Bank overdrafts	(10,492)	(23,042)
Cash and cash equivalents	(9,736)	(22,683)

#The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

PART A : EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than property land and building which have been prepared on valuation basis. The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2018.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

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 1014-2016 Cycle)
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Insurance Contracts- Applying MFRS 9 Financial Insurance Contracts- Applying MFRS 9 Financial
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Annual Improvement to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 140	Investment Property - Transfer of Investment Property

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

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

A1. Basis of preparation (continued)

Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle) #
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 119	Employee Benefits (Plan Amendments, Curtailment or Settlement)
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17	Insurance contracts

MFRSs, Interpretations and amendments effective for 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, where applicable, in the respective financial years when the above accounting standards, amendments and interpretations become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the 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 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. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on identification and satistication of performance obligations. The standard specifiles that the revenue is to be recognised when control over the goods or services is transferred to the customer, moving from the transfer of risks and rewards.

The Group intends to apply MFRS 15 using the cumulative effect transition approach. Baed on initial assessment performed, the Group which is primarily involved in trading and distribution of a wide range of steel products does not expect the application of MFRS 15 to have a significant impact on its consolidated financial statement.

The Group has proposed to diversify its principal activities into construction, property development and property investment amongst other proposal. As those proposals have yet to be fully effected, the Group will assess the impact, if any that MFRS 15 may have on the proposed activities when they are effected.

(ii) MFRS 9, Financial Instrucments

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 hedge accounting.

In the implementation of MFRS 9, the Group has established cross-functional team to manage the implementation of MFRS 9 which includes undertaking impact assessment, guidelines and training program to ensure readiness and smooth implementation of MFRS 9.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In respects of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an expected credit loss ("ECL") model. The new impairment model applies to financial assests measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

Based on initial assessment performed, the Group does not expect the application of MFRS 9 to have a significant impact on its consolidated financial statements.

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance of 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 Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

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

A2. Auditors' report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the financial year ended 31 May 2018 was not qualified.

A3. Seasonality or cyclical factors

The business operations of the Group is not subject to seasonal or cyclical factors.

A4. Exceptional and extraordinary items

There were no items affecting assets, liabilities, equity, net income or cash flows that are exceptional or extraordinary due to their nature, size or incidence affecting the interim financial report.

A5. Changes in estimates

There were no changes in estimates that had a material effect on the current quarter and period-to-date results.

A6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debts and equity securities by the Company during the current quarter.

TATT GIAP GROUP BERHAD

(732294-W)
(Incorporated in Malaysia)

Interim Report On Consolidated Results For The First Financial Quarter Ended 31 August 2018

A7. Dividend paid

There was no dividend paid by the Company in the current quarter and the period-to-date.

A8. Segmental information

The Group only has one reportable segment which is principally confined to the trading of stainless steel pipes, tubes and bars, electro-galvanized steel, perforated metal products and other ferrous and non-ferrous metal products.

Geographical segment

In presenting information on the basis of geographical segments, segmental revenue is based on the geographical location of customers.

Geographical information

	Individual period	Individual period	Cumulative period	Cumulative period
	Current year quarter	Preceding year corresponding quarter	Current year-to-date	Preceding year corresponding period
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
Segment revenue	RM'000	RM'000	RM'000	RM'000
Malaysia	775	8,530	775	8,530
Asia (excluding Malaysia)	1,932	387	1,932	387
United States of America	-	386	-	386
South America	232	4,347	232	4,347
Europe	2,076	6,464	2,076	6,464
	5,015	20,114	5,015	20,114

A9. Property, plant and equipment

During the financial period ended 31 August 2018, there was no additional property, plant and equipment acquired by the Group.

A10. Material events during the reporting period

(a) On 8 June 2018, a wholly-owned subsidiary, Superinox Pipe Industry Sdn Bhd ("SPI") disposed of certain of its plant and equipment for a total cash consideration of RM4.0 million. To-date, the Group has received non-refundable deposits of RM0.83 million. The disposal is not expected to result in any material gain or loss in the Group for the financial year ending 31 May 2019.

(b) On 20 July 2018, the High Court granted an order confirming the share capital reduction of the Company ("Court Order"). The Court Order was lodged with the Registrar of Companies on 26 July 2018, following which the share capital reduction became effective and is deemed completed. Pursuant to the share capital reduction, the issued and paid-up share capital of the Company was reduced from RM84,681,031 comprising of 170,613,402 ordinary shares to RM24,681,031 comprising of 170,613,402 ordinary shares.

TATT GIAP GROUP BERHAD

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(c) On 3 August 2018, the shareholders of the Company via an Extraordindary General Meeting convened, approved the disposal of a freehold land, warehouse and building by Tatt Giap Hardware Sdn Bhd, a wholly-owned subsidiary of the Company for a total cash consideration of RM10.8 million. The disposal is not expected to result in any material gain or loss to the Group in financial year ending 31 May 2019.

A11. Subsequent event

On 2 April 2018, the Company announced that the Company proposes to undertake the following:

i) Proposed reduction of the Company's share capital pursuant to Section 116 of the Companies Act 2016 ("Proposed Share Capital Reduction")

ii) Proposed diversification of the business of the Group into construction, property development and property investment;

iii) Proposed renounceable rights issue of up to 682,453,608 new irredeemable convertible preference shares in Tatt Giap Group Berhad ("ICPS") together with up to 85,306,701 free detachable warrants in the Company ("Warrants") on the basis of 8 ICPS together with 1 free Warrant for every 2 existing shares held by the entitled shareholders of the Company on a rights entitlement date to be determined later; and

iv) Proposed amendments to the Constitution / Memorandum and Articles of Association of the Company.

The approval of Bursa Malaysia Securities Berhad was obtained on 2 May 2018 for the admission to the Official List and the initial listing and quotation of the ICPS and Warrants; and listing and quotation of the new shares in the Company to be issued pursuant to the conversion of the ICPS and exercise of the Warrants. Shareholders' approval for the above proposals was obtained on 31 May 2018. As mentioned in Note A10(b) above, the Proposed Share Capital Reduction was completed on 26 July 2018. On 22 October 2018, the Company announced that it has resolved to fix the issue price of the ICPS at RM0.06 per ICPS and the exercise price of the Warrants at RM0.12 per Warrant.

A12. Changes in composition of the Group for the financial period ended 31 August 2018

Except as disclosed in Notes A10 (b) above, there were no other changes in the composition of the Group.

A13. Contingent liabilities

The Company has issued corporate guarantees to banks and financial institutions for borrowings granted to certain subsidiaries of which RM33.43 million were utilised at the end of the reporting quarter.

A14. Capital commitment

	Year-to-date 31-Aug-18 RM'000
Contracted but not provided for in the financial statements	NIL

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A15. Significant related party transactions

	Current period 31-Aug-18 RM'000	Year-to-date 31-Aug-18 RM'000
- Directors & persons connected to Directors		
- Management fee	(9)	(9)
- Rental expense	(32)	(32)
- Rental income	170	170
- Loan from Director	3,006	3,006

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

For the financial period ended 31 August 2018, the Group reported revenue of RM5.01 million, a RM16.91 million or 77.1% drop from RM21.92 million reported during the preceding year corresponding quarter. The drop in revenue was mainly due to the deconsolidation of the financial results of TGSC upon conclusion of the Company's disposal of 41% equity interest in TGSC and also a drop in local and export sales. The Group recorded a higher loss before tax ("LBT") of RM3.01 million as compared to a LBT of RM1.98 million over the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

	This quarter	Preceding quarter
Revenue (RM'000)	5,014	5,233
LBT (RM'000)	(3,009)	(5,534)

The Group reported revenue of RM5.01 million and LBT of RM3.01 million during the quarter under review as compared to revenue of RM5.23 million and LBT of RM5.53 million reported in the immediate preceding quarter ended 31 May 2018. The decrease in revenue was due to a drop in domestic sales. The higher LBT in the immediate preceding quarter was due to write-off of property, plant and equipment of a subsidiary company and expenses incurred in relation to various corporate exercises afore-mentioned.

B3. Current year prospects

Business environment in the steel industry remains challenging. The Group will continue to pursue other business or sources of revenue that will generate positive returns to the Group. In this respect, the Group is in advanced stage of negotiations to procure potential contracts.

B4. Variance between actual profit and forecast profit

The Group has not issued any profit forecast or profit guarantee.

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B5. Income tax expense

	Current Quarter 31-Aug-18 RM'000	Year-to-date 31-Aug-18 RM'000
Over provision of tax in previous year	-	-
Deferred tax income	-	-
	-	-

B6. Quoted investments

	Carrying Amount RM'000	Market value as at 31-Aug-18 RM'000
Quoted shares in Malaysia	20	23

B7. Loan and borrowings

The Group's loans and borrowings as at 31 August 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current:			
- Bank overdraft	10,492	-	10,492
- Term loans	1,807	-	1,807
- Finance lease liabilities	149	-	149
	12,448	-	12,448
Non-current			
- Term loans	20,986	-	20,986
- Finance lease liabilities	-	-	-
	20,986	-	20,986
Total	33,434	-	33,434

The above borrowings are denominated in Ringgit Malaysia.

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Breach of loan covenant

A subsidiary of the Group has bank overdraft / trade financing facilities totalling RM10,492,360 as at 31 August 2018. The bank overdraft / trade financing facilities contained a debt covenant which require the subsidiary's net tangible assets to be not lower than the net tangible assets as stated in the financier's Letter of Offer dated 23 December 2016. As at reporting date, the subsidiary was still unable to meet the debt covenant condition. The financier has agreed to restructure the bank overdraft / trade financing facilities for the subsidiary.

B8. Material litigation

The Group was not engaged in any material litigation during the current financial quarter.

B9. Proposed dividend

The Board does not recommend any dividend for the current quarter ended 31 August 2018.

B10. Earnings per Ordinary Share ("EPS")

Basic EPS

	Current Quarter 31-Aug-18	Year-to-date 31-Aug-18
Loss attributable to ordinary shareholders (RM'000)	(3,009)	(3,009)
Weighted average number of ordinary share ('000)	170,613	170,613
Basic loss per ordinary share (in sen)	(1.76)	(1.76)

B11. Authorization for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board on 29 October 2018.

Stamped for identification of the subsequent pages of the document certified to be sighted on the main page dated :
05 NOV 2018
Ong Tze-En
Company Secretary
MAICSA 7026537

達業集團有限公司
TATT GIAP GROUP BERHAD (732294-W)

Date: 19 NOV 2018

To: The Entitled Shareholders of Tatt Giap Group Berhad ("Tatt Giap" or the "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of Tatt Giap ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 31 May 2018 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the date of issuance of this Abridged Prospectus), that:-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities that has arisen by reason of any guarantee or indemnities given by the Group except for the corporate guarantees issued by the Company to financial institutions for borrowings amounting to RM29.5 million granted to certain subsidiaries of the Company, as disclosed in Section 10.3 of this Abridged Prospectus;

(v) there has been, since the last audited consolidated financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing of any corporation within the Group;

(vi) there has been, since the last audited consolidated financial statements of the Group, no material change in the published reserves or unusual factor affecting the profits of the Group save for the reduction of the Company's share capital pursuant to Section 116 of the Companies Act, 2016 which was completed on 26 July 2018 and where the effects arising therefrom are disclosed in Section 9.2 of this Abridged Prospectus; and

(vii) as disclosed above and up to the date of this letter, no other reports are required in relation to items (i) to (vi) above.

Yours faithfully
For and behalf of the Board of
TATT GIAP GROUP BERHAD

DATO' LIANG CHEE FONG
Chairman / Non-Independent Non-Executive Director

LEE POAY KEONG
Managing Director

D5-U6-8, Solaris Dutamas, Jalan Dutamas 1, No.1, 50480, Kuala Lumpur.
Tel: +603-6205 2666

1. SHARE CAPITAL

(i) Save for the ICPS, Warrants and new Shares to be issued arising from the conversion of the ICPS and exercise of the Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of the issuance of this Abridged Prospectus.

(ii) As at the LPD, there is only 1 class of shares in the Company, namely the ordinary shares of the Company, all of which rank equally with one another.

(iii) As at the LPD, save for the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who will be provisionally allotted with the ICPS with Warrants pursuant to the Rights Issue of ICPS with Warrants, no person has been or is entitled to be granted an option to subscribe for any securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option.

2. DIRECTORS' REMUNERATION

An extract of the provisions in the Company's Constitution in relation to the remuneration of its Directors are as follows:-

Article 115

The fees of the Directors shall from time to time be determined by the Company in General Meeting but the remuneration of the executive Directors shall from time to time be determined by the Board of Directors, The fees payable to the Directors shall not be increased except pursuant to a resolution passed at the General Meeting when notice of the proposed increase has been given in the notice convening the meeting. The fees payable to non-executive Directors' shall be a fixed sum and not by a commission on or percentage of profits or turnover and the remuneration payable to executive Directors may not include a commission on or percentage of turnover Any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 117

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:-

(i) render any special or extra services to the Company; or

(ii) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

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3. MATERIAL CONTRACTS

Save as disclosed below and the Underwriting Agreement, the Board confirms that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Abridged Prospectus:-

(i) Sale and purchase agreement dated 27 February 2018 entered into between Tatt Giap Hardware Sdn Bhd, being a wholly-owned subsidiary of the Company (as vendor) and Fenley Group Trading Sdn Bhd (as purchaser) in respect of a disposal by Tatt Giap Hardware Sdn. Bhd. of all that piece of land held under Geran Mukim 261 Lot. No. 679, Mukim 16, Daerah Seberang Perai Utara, Negeri Pulau Pinang together with a single storey warehouse erected thereon bearing assessment address No.1237, Jalan Bagan Lallang, 13400 Butterworth, Penang for a total cash consideration of RM5,268,000.00. The said disposal was completed on 3 August 2018.

(ii) Sale and purchase agreement dated 27 February 2018 entered into between Tatt Giap Hardware Sdn Bhd, being a wholly-owned subsidiary of the Company (as vendor) and Fenley Group Trading Sdn Bhd (as purchaser) in respect of the disposal by Tatt Giap Hardware Sdn. Bhd, of all that piece of land held under Geran Mukim 262, Lot. No. 681, Mukim 16, Daerah Seberang Perai Utara, Negeri Pulau Pinang together with 3 units of 2½ storey terrace shop office annexed to a single storey warehouse erected thereon bearing assessment address No.1067, 1068 & 1069, Jalan Bagan Lallang, 13400 Butterworth, Penang for a total cash consideration of RM5,532,000.00. The said disposal was completed on 3 August 2018.

(iii) Share sale and purchase agreement dated 31 July 2017 entered into between Tatt Giap (as vendor) and Hanwa Co. Ltd (as purchaser) for the disposal of Tatt Giap's 41% equity interest in TGSC for a disposal consideration of RM12,300,000.00 to be satisfied by way of set-off with the inter-company advances owing by Tatt Giap and its wholly-owned subsidiaries, namely Superinox Pipe Industry Sdn Bhd and Tatt Giap Hardware Sdn Bhd, to TGSC. The said disposal was completed on 23 February 2018.

4. MATERIAL LITIGATION

As at the LPD, the Board confirms that neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position of the Group and the Board confirms that there are no proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

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5. GENERAL

(i) There are no service contracts or proposed service contracts between the Directors and the Company or any of its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus;

(ii) The financial condition and operations of the Group are not affected by the Group's venture into the Property Business or by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the Group's liquidity, other than those disclosed in Sections 6, 7 and 8 of this Abridged Prospectus;

(b) any material commitment for capital expenditure of the Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from operations, other than those disclosed in Section 6 of Appendix I of this Abridged Prospectus;

(d) known trends or uncertainties which have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the revenues or operating income, other than those disclosed in Sections 7 and 8 of this Abridged Prospectus;

(e) substantial increase in revenues; and

(f) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the Group's profits, other than those disclosed in Section 7 of this Abridged Prospectus.

6. CONSENTS

(i) The written consents of the Principal Adviser, Managing Underwriter, Joint Underwriters, Company Secretaries, Share Registrar, Solicitors for the Rights Issue of ICPS with Warrants and Principal Banker for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letter and report relating to the pro forma consolidated statements of financial position and the audited consolidated financial statements of the Group for the FYE 31 May 2018 together with the auditors' report thereon and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Tatt Giap at Suite 16-1, (Penthouse Upper), Menara Penang Garden, No. 42A, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

(i) Constitution of Tatt Giap;

(ii) pro forma consolidated statements of financial position of the Group as at 31 May 2018 together with the Reporting Accountants' report thereon as set out in Appendix III of this Abridged Prospectus;

(iii) audited consolidated financial statements of the Group for the FYE 31 May 2017 and FYE 31 May 2018;

(iv) unaudited consolidated financial statements of the Group for the 3-month FPE 31 August 2018;

(v) Underwriting Agreement referred to in Section 3 of this Abridged Prospectus;

(vi) Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(vii) letters of consent referred to in Section 6 of this Appendix VII;

(viii) Deed Poll; and

(ix) material contracts referred to in Section 3 of this Appendix VII.

8. RESPONSIBILITY STATEMENT

(i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and they, collectively and individually, accept full responsibility for the completeness and accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

(ii) Mercury Securities, being the Principal Adviser for the Rights Issue of ICPS with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue of ICPS with Warrants.

NOTICE OF PROVISIONAL ALLOTMENT

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 3 DECEMBER 2018 ("ABRIDGED PROSPECTUS") ISSUED BY TATT GIAP GROUP BERHAD ("TATT GIAP" OR THE "COMPANY") SHALL HAVE THE SAME MEANING WHEN USED IN THIS NOTICE OF PROVISIONAL ALLOTMENT ("NPA") UNLESS STATED OTHERWISE. THE PROVISIONAL ALLOTMENTS (AS DEFINED HEREIN) AS CONTAINED IN THIS NPA ARE PRESCRIBED SECURITIES PURSUANT TO SECTION 14(5) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 AS AMENDED FROM TIME TO TIME, INCLUDING SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) AMENDMENT ACT, 1998 ("SICDA") AND THEREFORE, THE SICDA AND THE RULES OF BURSA MALAYSIA DEPOSITORY SDN BHD ("BURSA DEPOSITORY") SHALL APPLY IN RESPECT OF ALL DEALINGS IN THE PROVISIONAL ALLOTMENTS.

TATT GIAP GROUP BERHAD
(Company No. 732294-W)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 682,453,608 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN TATT GIAP ("ICPS") AT AN ISSUE PRICE OF RM0.06 PER ICPS TOGETHER WITH UP TO 85,306,701 FREE DETACHABLE WARRANTS IN TATT GIAP ("WARRANTS") ON THE BASIS OF 8 ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN TATT GIAP ("TATT GIAP SHARES" OR "SHARES") HELD BY ENTITLED SHAREHOLDERS OF TATT GIAP AT 5.00 P.M. ON 3 DECEMBER 2018 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF ICPS WITH WARRANTS")

Principal Adviser, Managing Underwriter and Joint Underwriter

MERCURY SECURITIES SDN BHD
(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter

kenanga

Kenanga Investment Bank Berhad
Company No. 15678-H
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: The entitled shareholders of Tatt Giap

Dear Sir / Madam,

The Board of Directors of Tatt Giap ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 2 May 2018 and by the shareholders of Tatt Giap at the Extraordinary General Meeting held on 31 May 2018, the number of ICPS with Warrants as indicated below ("**Provisional Allotments**").

We wish to advise you that the following Provisional Allotments to you have been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s), subject to the terms and conditions stated in the Abridged Prospectus and Rights Subscription Form ("**RSF**") issued by our Company.

The Provisional Allotments are made subject to the terms and conditions in the Abridged Prospectus. Bursa Securities has prescribed the securities of Tatt Giap listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotments are prescribed securities and as such, all dealings in the Provisional Allotments will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL ICPS AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE ICPS AND WARRANTS INTO THE CDS ACCOUNTS OF THE SHAREHOLDERS OF TATT GIAP WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF TATT GIAP ON THE ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S), IF APPLICABLE. NO PHYSICAL ICPS CERTIFICATE OR WARRANT CERTIFICATE WILL BE ISSUED.

It is the intention of the Board to allot the excess ICPS with Warrants applied for under Part I(B) of the RSF, if any, in a fair and equitable manner in the following priority:-

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for excess ICPS with Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for excess ICPS with Warrants, taking into consideration the quantum of their respective excess application; and
(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renouncee(s) who have applied for excess ICPS with Warrants, taking into consideration the quantum of their respective excess application.

The excess ICPS with Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of excess ICPS with Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of excess ICPS with Warrants will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all excess ICPS with Warrants are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for excess ICPS with Warrants, in full or in part, without assigning any reason thereto.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF TATT GIAP SHARES HELD AT 5.00 P.M. ON 3 DECEMBER 2018	NUMBER OF ICPS PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO ICPS PROVISIONALLY ALLOTTED TO YOU	TOTAL AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.06 PER ICPS (RM)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement date	:	Monday, 3 December 2018 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Monday, 10 December 2018 at 5.00 p.m.
Transfer of Provisional Allotments	:	Thursday, 13 December 2018 at 4.00 p.m.
Acceptance and payment	:	Tuesday, 18 December 2018 at 5.00 p.m.
Excess ICPS with Warrants application and payment	:	Tuesday, 18 December 2018 at 5.00 p.m.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)

Ong Tze-En (MAICSA 7026537)

Company Secretaries

Share Registrar

AGRITEUM Share Registration Services Sdn Bhd (578473-T)
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang
Tel: 04 - 2282 321
Fax: 04 - 2272 391

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 3 DECEMBER 2018

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 3 DECEMBER 2018 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF UNLESS STATED OTHERWISE. THIS RSF RELATES TO THE ABRIDGED PROSPECTUS AND IS ISSUED FOR THE PURPOSE OF ACCEPTING THE PROVISIONAL ALLOTMENTS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS ICPS WITH WARRANTS (AS DEFINED HEREIN) PURSUANT TO THE RIGHTS ISSUE OF ICPS WITH WARRANTS (AS DEFINED HEREIN) OF TATT GIAP GROUP BERHAD ("TATT GIAP" OR THE "COMPANY"). THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AND EXCESS APPLICATION PAYMENT IS AT 5.00 P.M. ON TUESDAY, 18 DECEMBER 2018. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF HIS / HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

The RSF together with the appropriate remittances must be submitted to the Share Registrar at AGRITEUM Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang
Tel: 04-2282 321

TATT GIAP GROUP BERHAD
(Company No. 732294-W)
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RENOUNCEABLE RIGHTS ISSUE OF UP TO 682,453,608 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN TATT GIAP ("ICPS") AT AN ISSUE PRICE OF RM0.06 PER ICPS TOGETHER WITH UP TO 85,306,701 FREE DETACHABLE WARRANTS IN TATT GIAP ("WARRANTS") ON THE BASIS OF 8 ICPS TOGETHER WITH 1 FREE WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN TATT GIAP ("TATT GIAP SHARES" OR "SHARES") HELD BY ENTITLED SHAREHOLDERS OF TATT GIAP AT 5.00 P.M. ON 3 DECEMBER 2018 ("ENTITLEMENT DATE") ("RIGHTS ISSUE OF ICPS WITH WARRANTS")

NAME AND ADDRESS OF ENTITLED SHAREHOLDER

NRIC NO. / PASSPORT NO. (STATE COUNTRY) **/ COMPANY NO.:**

CDS ACCOUNT NO. | | | | – | | | | – | | | | | | | | | |

To: The Board of Directors of Tatt Giap ("**Board**")

PART I - ACCEPTANCE OF PROVISIONAL ALLOTMENTS AND APPLICATION FOR EXCESS ICPS WITH WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, *I / we hereby irrevocably:-
(i) *accept the number of ICPS with Warrants as stated below which were provisionally *allotted / transferred / renounced to *me / us;
(ii) *apply for the number of excess ICPS with Warrants as stated below in addition to the above;

in accordance with and subject to the Constitution of Tatt Giap.

*I / We enclose herewith the appropriate remittance(s) for the payment stated below, being the full amount payable for the ICPS with Warrants accepted / applied for, and hereby request for the said ICPS with Warrants and excess ICPS with Warrants to be credited into *my / our valid and subsisting CDS account as stated below:-

NUMBER OF ICPS WITH WARRANTS ACCEPTED / EXCESS ICPS WITH WARRANTS APPLIED FOR		TOTAL AMOUNT PAYABLE AT RM0.06 PER ICPS (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				**TATT GIAP RIGHTS ISSUE ACCOUNT**
(B) EXCESS				**TATT GIAP EXCESS RIGHTS ISSUE ACCOUNT**

Note: ***If you have subsequently purchased additional Provisional Allotments from the open market, you should indicate your acceptance of the total Provisional Allotments that you have standing to the credit in your CDS account under Part I(A).***

*I / We authorise you to return without interest, the balance of *my / our application money should *my / our application for the excess ICPS with Warrants be only partly successful or not successful at all by ordinary post to *me / us at *MY / OUR OWN RISK.

PART II – DECLARATION

*I / We hereby confirm and declare that:-
(i) all information provided by *me / us is true and correct;
(ii) all information is identical with the information in the records of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of *my / our rights may be rejected; and
- * I am 18 years of age or over.
- * *I am / We are resident(s) of Malaysia.
- * *I am / We are resident(s) of ……………………............……. (country) and having …..………………......……… citizenship.
- * *I am / We are nominee(s) of a person who is a *Bumiputera / *Non-Bumiputera / *Non Citizen resident in ….……….……….…..… (country) and having …..…………..……… citizenship.

*I / We consent to the Company and the Share Registrar collecting the information and personal data (collectively, "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue of ICPS with Warrants and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

*I / We have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all requirements for acceptance and payment as set out therein.

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Signature/Authorised Signatory(ies)
(Corporate bodies must affix their Common Seal)

Contact telephone number during office hours

LAST DATE AND TIME FOR:-

Acceptance and payment for Provisional Allotments	:	Tuesday, 18 December 2018 at 5.00 p.m.
Excess ICPS with Warrants application and payment	:	Tuesday, 18 December 2018 at 5.00 p.m.

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 3 DECEMBER 2018 ("ABRIDGED PROSPECTUS").

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. All enquiries concerning the Rights Issue of ICPS with Warrants should be addressed to our Share Registrar, AGRITEUM Share Registration Services Sdn Bhd (578473-T) at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang (Tel: 604 - 2282 321). **YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES TO BEFORE COMPLETING THIS RSF.**

The Abridged Prospectus is issued in compliance with the laws of Malaysia only. This RSF, together with the Abridged Prospectus and the NPA (collectively, the "**Documents**") are not intended to be (and will not be) issued, circulated or distributed, and the ICPS with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the ICPS with Warrants and the Documents comply with the laws of any countries or jurisdiction other than the laws of Malaysia. It shall be the sole responsibility of the Entitled Shareholders and/or their renouncee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the ICPS with Warrants to be issued would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncee(s) (if applicable) should note the additional terms and restrictions as set out in Section 11.9 of the Abridged Prospectus. Neither Tatt Giap, Mercury Securities Sdn Bhd nor any other professional advisers shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation (as the case may be) of the ICPS with Warrants made by any of foreign Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s) (if applicable) are resident.

The Abridged Prospectus has been registered by the Securities Commission Malaysia ("**SC**"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The Documents have also been lodged with the Registrar of Companies in Malaysia who takes no responsibility for the contents of the Documents.

The shareholders of Tatt Giap have approved the Rights Issue of ICPS with Warrants at the Extraordinary General Meeting held on 31 May 2018. Bursa Malaysia Securities Berhad ("**Bursa Securities**") has also granted its approval for the admission of the ICPS and Warrants to the Official List as well as the listing and quotation of the ICPS, Warrants and the new Shares to be issued upon conversion of the ICPS and exercise of the Warrants on the Main Market of Bursa Securities (subject to the conditions specified in the said letters) on 2 May 2018. However, this is not an indication that Bursa Securities recommends the Rights Issue of ICPS with Warrants. The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of the Entitled Shareholders and/or their renouncee(s) (if applicable) have been duly credited with the ICPS and Warrants allotted to them and notices of allotment have been despatched to them.

The Board of Directors of Tatt Giap ("**Board**") has seen and approved all the documentation relating to the Rights Issue of ICPS with Warrants (including the Documents). The Board collectively and individually accepts full responsibility for the accuracy of the information given and confirm that, after making all reasonable inquiries and to the best of its knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia ("**RM**") and sen.

INSTRUCTIONS:-

(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 18 December 2018. If acceptance of and payment for the **Provisional Allotments** in the manner specified herein are not received (whether in full or in part, as the case may be) by Tatt Giap's Share Registrar, **AGRITEUM Share Registration Services Sdn Bhd** (578473-T), 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang by 5.00 p.m. on 18 December 2018, the said Provisional Allotments to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. The Board will then have the right to allot such ICPS with Warrants not taken up, to applicants applying for excess ICPS with Warrants in the manner as set out in item (iii) below.

(ii) FULL OR PART ACCEPTANCE

The Rights Issue of ICPS with Warrants is renounceable in full or in part. If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of this RSF in accordance with the notes and instructions contained herein and submit this RSF together with the appropriate remittance made in RM for the full amount payable in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must made payable to "**TATT GIAP RIGHTS ISSUE ACCOUNT**" crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS account number, so as to be received by Tatt Giap's Share Registrar in the manner detailed below by 5.00 p.m. on 18 December 2018, being the last date and time for acceptance and payment for the Provisional Allotments. Cheques or any other mode of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in this RSF.

FOR DELIVERY BY HAND AND/OR COURIER AND/OR ORDINARY POST:
AGRITEUM Share Registration Services Sdn Bhd

2nd Floor, Wisma Penang Garden
No. 42, Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang
Telephone No.: 604 - 228 2321
Facsimile No.: 604 - 227 2391

The remittance must be made for the exact amount payable for the Provisional Allotments accepted (ROUNDED UP TO THE NEAREST SEN). Any excess or insufficient payment may be rejected at the absolute discretion of the Board.

NO ACKNOWLEDGMENT WILL BE ISSUED FOR THE RECEIPT OF THIS RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE OF ICPS WITH WARRANTS BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS OF THE COMPANY AS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

(iii) APPLICATION FOR EXCESS ICPS WITH WARRANTS

If you wish to apply for additional ICPS with Warrants in excess of your entitlement, please complete Part I(B) of this RSF (in addition to Part I(A) and Part II) and forward it together with a separate remittance made in RM for the full amount payable for the excess ICPS with Warrants applied for in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia made payable to "**TATT GIAP EXCESS RIGHTS ISSUE ACCOUNT**" crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS account number, so as to be received by Tatt Giap's Share Registrar, **AGRITEUM Share Registration Services Sdn Bhd** at 2nd Floor, Wisma Penang Garden, 42 Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang by 5.00 p.m. on 18 December 2018. Cheques or any other mode(s) of payment not prescribed herein are not acceptable.

The payment must be made for the exact amount payable for the excess ICPS with Warrants applied for. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. No acknowledgment will be issued for the receipt of the excess ICPS with Warrants application or application monies in respect thereof. However, if your application is successful, a notice of allotment will be despatched to you and/or your transferee(s) and/or your renouncee(s) by ordinary post to the address as shown on Bursa Depository's record at your own risk within eight (8) market days from the last date of application and payment of the excess ICPS with Warrants or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful excess ICPS with Warrants applications, the full amount or the surplus application monies, as the case may be, shall be refunded without interest and despatched to the applicant by ordinary post to the address as shown in the Record of Depositors of the Company as provided by Bursa Depository at your own risk within fifteen (15) market days from the last date for application and payment of the excess ICPS with Warrants.

It is the intention of the Board to allot the excess ICPS with Warrants applied for under Part I(B) of the RSF, if any, in a fair and equitable manner in the following priority:-

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for excess ICPS with Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for excess ICPS with Warrants, taking into consideration the quantum of their respective excess application; and
(iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renouncee(s) who have applied for excess ICPS with Warrants, taking into consideration the quantum of their respective excess application.

The excess ICPS with Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of excess ICPS with Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of excess ICPS with Warrants will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all excess ICPS with Warrants are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any excess ICPS with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for excess ICPS with Warrants, in full or in part, without assigning any reason thereto.

(iv) SALE OR TRANSFER OF PROVISIONAL ALLOTMENTS

If you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one (1) or more persons, you may do so through your stockbroker for the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request the Company for a split of such Provisional Allotments standing to the credit of your CDS account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

In selling or transferring all or part of your Provisional Allotments, you are not required to deliver any document, including this RSF to your stockbroker in respect of the portion of the Provisional Allotments sold or transferred. You are however advised to ensure that you have sufficient Provisional Allotments standing to the credit of your CDS account that is available for settlement of the sale or transfer.

Transferee(s) and/or renouncee(s) of the Provisional Allotments may obtain a copy of the Abridged Prospectus and this RSF from his/her/their stockbroker(s), Tatt Giap's registered office, Tatt Giap's Share Registrar or Bursa Securities' website at www.bursamalaysia.com.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Part I(A) and Part II of this RSF.

(v) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) A Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on this RSF.
(c) The ICPS with Warrants subscribed by the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) will be credited into their respective CDS accounts as stated in this RSF or the exact account(s) appearing on Bursa Depository's Record of Depositors.
(d) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(e) The contract arising from the acceptance of the Provisional Allotments by you shall be governed by and construed in accordance with the laws of Malaysia and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(f) The Company reserves the right to accept or reject any acceptance and/or application which are illegible or if the instructions herein stated are not strictly adhered to.
(g) Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) should note that any RSF and remittances lodged with Tatt Giap's Share Registrar shall be irrevocable and cannot be subsequently withdrawn.