EITA RESOURCES BERHAD
(Company No. 398748-T)

Lot 4, Block A, Jalan SS13/7
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia

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www.eita.com.my

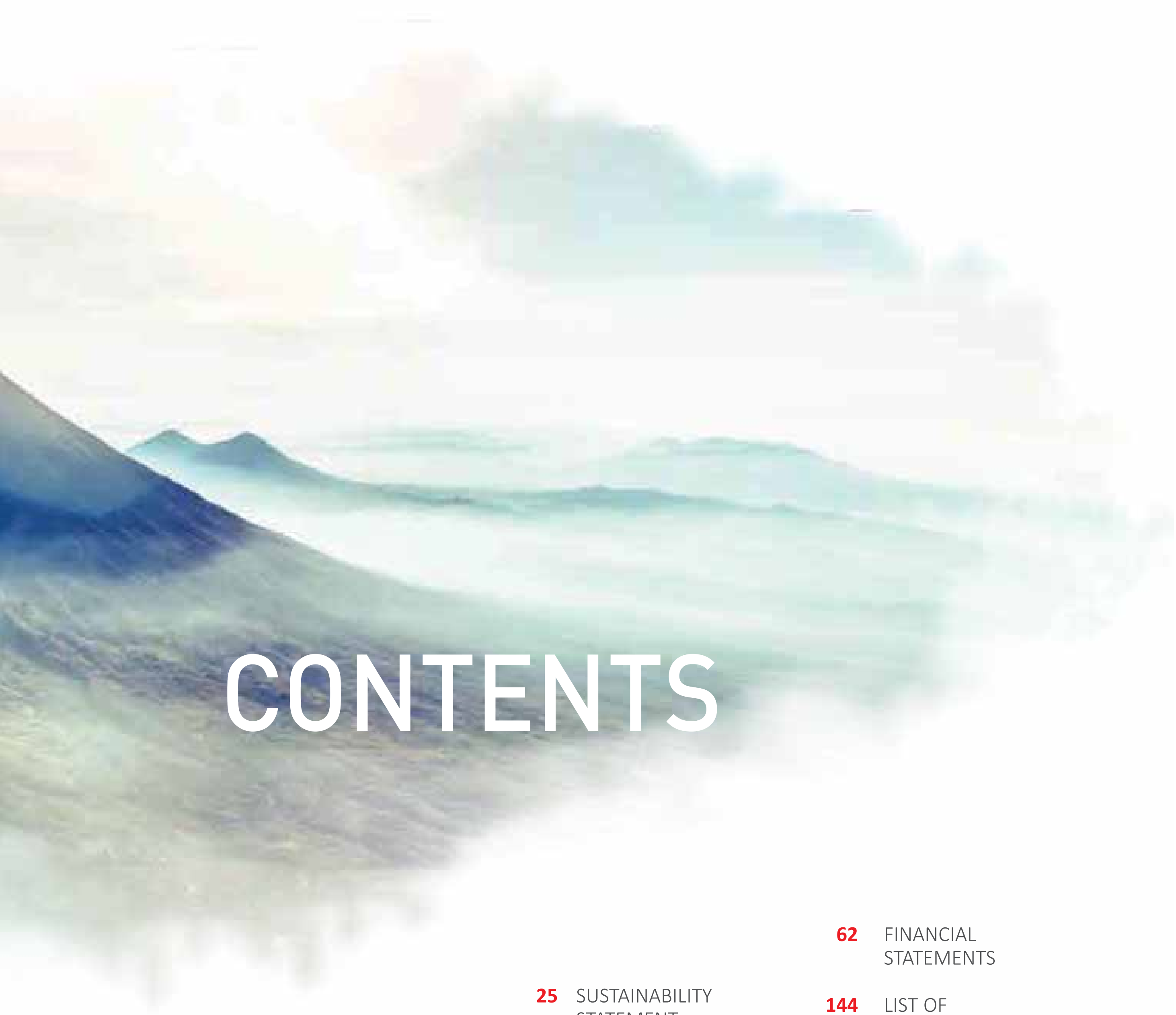
EITA RESOURCES BERHAD (Company No. 398748-T) ANNUAL REPORT 2018

EITA®

EITA RESOURCES BERHAD
(Company No. 398748-T)

SCALING NEW HEIGHTS

ANNUAL REPORT 2018



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PROXY FORM

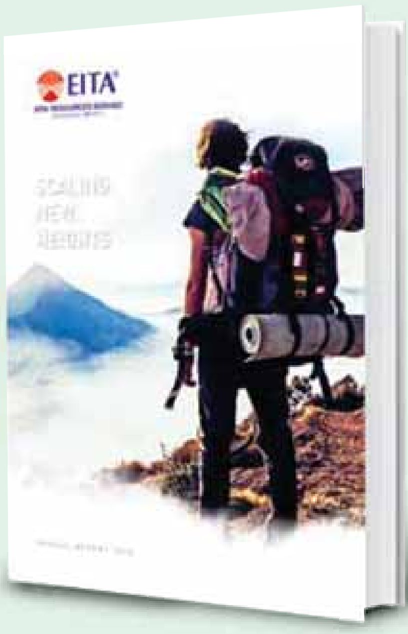
Control Equipment

EITA-Schneider Escalator

PYROTEC FRMI Cables

Power Sub-station up to 500kV

Furutec Busduct



SCALING NEW HEIGHTS

EITA has persevered and overcome many challenges in the past. We are confident that our optimism and tenacity will propel us in scaling new heights of achievement and success in the future.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

FU WING HOONG
Group Managing Director

LIM JOO SWEE
Executive Director

LEE PENG SIAN
Executive Director

CHIA MAK HOOI
Non-Independent Non-Executive Director

CHONG LEE CHANG
Senior Independent Non-Executive Director

TAN CHUAN HOCK
Independent Non-Executive Director

HO LEE CHEN
Independent Non-Executive Director
(Appointed on 1 November 2018)

CHONG YOKE PENG
(Resigned as an Executive Director and re-appointed as an Alternate Director to Mr. Lee Peng Sian on 1 November 2018)

CHIA SEONG POW
(Resigned as a Non-Independent Non-Executive Director and re-appointed as an Alternate Director to Mr. Chia Mak Hooi on 1 November 2018)

AUDIT COMMITTEE

Tan Chuan Hock *(Chairman)*
Dato' Siow Kim Lun
Chong Lee Chang
Chia Mak Hooi
Ho Lee Chen
(Appointed on 26 November 2018)

NOMINATION AND REMUNERATION COMMITTEE

Chong Lee Chang *(Chairman)*
Dato' Siow Kim Lun
Tan Chuan Hock
Chia Mak Hooi
Ho Lee Chen
(Appointed on 26 November 2018)

COMPANY SECRETARY

Tea Sor Hua *(MACS 01324)*

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7725 1777
Fax: 03-7722 3668

PRINCIPAL OFFICE

Lot 4, Block A, Jalan SS13/7
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan
Tel: 03-5637 8099
Fax: 03-5637 8128
Website: www.eita.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7721 3388
Fax: 03-7721 3399

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name: EITA
Stock Code: 5208

CORPORATE STRUCTURE
As at 15 January 2019

EITA RESOURCES BERHAD
(Company No. 398748-T)
(Incorporated in Malaysia)

100% | **EITA Elevator (Malaysia) Sdn. Bhd. ("EITA Elevator")**
Design, installation and maintenance of elevator systems

100% | **EITA-Schneider (MFG) Sdn. Bhd. ("EITA-Schneider")**
Manufacture of elevator systems

- **50%** | ***Sigriner Automation (MFG) Sdn. Bhd.***
  Design, manufacture, marketing and service of all kinds of control and automation systems, components and equipment

100% | **EITA Electric Sdn. Bhd. ("EITA Electric")**
Marketing and distribution of electrical and electronic components and equipment

100% | **Furutec Electrical Sdn. Bhd. ("Furutec Electrical")**
Design and manufacture of Busduct systems and manufacture of metal fabricated products

100% | **EITA Power System Sdn. Bhd. ("EITA Power System")**
Marketing and distribution of fire resistant cables, electrical and electronic components and equipment, and provision of electrical and security system solutions

100% | **EITA Technologies (Malaysia) Sdn. Bhd. ("EITA Technologies")**
Manufacture of electrical and electronic components and equipment

100% | **EITA Research & Development Sdn. Bhd.**
Research and development of elevator and busduct products and systems

90% | **EITA Technologies Pte. Ltd.**
Marketing and distribution of electrical and electronic components and equipment

60% | **TransSystem Continental Sdn. Bhd. ("TSC")**
To carry on the business as civil and electrical engineering and general contractors

100% | **Schneider Research & Development Centre Sdn. Bhd.**
Research and development of elevator systems

BOARD OF DIRECTORS

1 **Dato' Siow Kim Lun**
Independent Non-Executive Chairman

2 **Fu Wing Hoong**
Group Managing Director

3 **Chong Yoke Peng**
Alternate Director to Lee Peng Sian

4 **Lim Joo Swee**
Executive Director

5 **Tan Chuan Hock**
Independent Non-Executive Director

6 **Lee Peng Sian**
Executive Director

7 **Ho Lee Chen**
Independent Non-Executive Director

8 **Chia Seong Pow**
Alternate Director to Chia Mak Hooi

9 **Chong Lee Chang**
Senior Independent Non-Executive Director

10 **Chia Mak Hooi**
Non-Independent Non-Executive Director

DIRECTORS' PROFILE

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

Dato' Siow Kim Lun, a Malaysian, aged 69, male, is the Independent Non-Executive Chairman of the Company. He is also a member of the Audit Committee and Nomination and Remuneration Committee. He was appointed to the Board on 1 April 2011.

He obtained his Bachelor of Economics Degree (Honours) from Universiti Kebangsaan Malaysia in 1978 and holds a Master in Business Administration from the Catholic University of Leuven, Belgium in 1981. He also attended the Advanced Management Program at Harvard Business School in 1997.

He started his career in investment banking with Malaysian International Merchant Bankers Berhad in 1981 and later joined Permata Chartered Merchant Bank Bhd (now known as Affin Hwang Investment Bank Berhad) in 1985. Between 1993 and 2006, he was with the Securities Commission Malaysia where he served as the Director for its Issues and Investment Division and Market Supervision Division.

He is currently a Director of Citibank Berhad, Kumpulan Wang Persaraan (Diperbadankan), UMW Holdings Berhad, Hong Leong Assurance Berhad, Eco World International Berhad, Sunway Construction Group Berhad, Radiant Globaltech Berhad and MainStreet Advisers Sdn Bhd..

He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

FU WING HOONG
Group Managing Director and Key Senior Management

Fu Wing Hoong, a Malaysian, aged 60, male, is the Group Managing Director of the Company and was appointed to the Board on 7 September 1996. As the Group Managing Director, he is actively involved in charting EITA Group's overall business strategy, direction and development.

He graduated with a Diploma in Technology (Electronic Engineering) from Tunku Abdul Rahman College, Kuala Lumpur in 1983 and completed the Engineering Council (United Kingdom) examinations in 1987. He obtained a Master in Business Administration from the University of Bath, United Kingdom, in 1991. He has been a member of the Institute of Engineers Malaysia since 1988 and a member of the Malaysian Institute of Management since 1989.

Upon graduation in 1983, he started his career as a Sales Engineer with Lim Kim Hai Electric Sdn. Bhd. (a subsidiary of Lim Kim Hai Holdings (M) Berhad ("LKH Holdings") which was then listed on the Second Board of Bursa Malaysia Securities Berhad on 25 May 1989) where he was responsible for the sales and marketing of power distribution and control equipment. He held several positions within the LKH Holdings group of companies before he left as its Group General Manager in August 1996 to co-found EITA Group. As the key founder, he has been instrumental in the development, growth and success of EITA Group.

He has served various positions in The Council of the Electrical and Electronics Association of Malaysia (TEEAM) since 1999 and was the President of TEEAM (from 2009 to 2013). He was the treasurer of the ASEAN Federation of Electrical Engineering Contractors (from 2011 to 2014). He was a Director of the Human Resources Development Fund (from 2009 to 2011) and a General Council Member of the Malaysia Institute of Management (from 2006 to 2008). Besides, he has been serving as a Member of the Industry Expert Advisory Panel for the Faculty of Electrical and Electronic Engineering at Tunku Abdul Rahman University College since 2013.

He does not hold directorship in other public companies and listed companies but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

DIRECTORS' PROFILE
cont'd

LIM JOO SWEE
Executive Director and Key Senior Management

Lim Joo Swee, a Malaysian, aged 59, male, is an Executive Director of the Company. He was appointed to the Board on 17 December 1996 and is one of the co-founders of EITA Group. He is mainly responsible for the operations and management of EITA Group's Elevator business. He also oversees the overall marketing activities for EITA Group.

He attended a course in Diploma in Technology (Electronic Engineering) at Tunku Abdul Rahman College in 1980 and passed Part One (1) of the Engineering Council (United Kingdom) examinations in 1982. He decided to leave college in 1983 to start his career as a Sales and Project Engineer at Fujitec (M) Sdn. Bhd.. He left to join Ryoden (Malaysia) Sdn. Bhd. as an Assistant Manager in 1991 and was promoted to Deputy Manager in 1992. He joined Lim Kim Hai Sales & Services Sdn. Bhd. in 1993 as a Product Manager and was subsequently promoted to Subsidiary Manager in the same year. He left Lim Kim Hai Sales & Services Sdn. Bhd. in 1996 and co-founded EITA Group.

He is registered as a Competent Person under the Factories and Machinery (Electric Passenger and Goods Lift) Regulations 1970 with the Department of Occupational Safety and Health, Ministry of Human Resources, Malaysia. He is also a committee of The Malaysia Lift and Escalator Association since 2014.

He does not hold directorship in other public companies and listed companies but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

LEE PENG SIAN
Executive Director and Key Senior Management

Lee Peng Sian, a Malaysian, aged 49, male, is an Executive Director of the Company. He was appointed to the Board on 14 December 2009. He oversees the operations of the electrical and electronics components and equipment of EITA Group and also oversees EITA's security system and other systems solutions business.

He graduated in 1992 with a Diploma in Electrical Engineering from Universiti Teknologi Malaysia and obtained a Master in Business Administration in year 2000 from the University of Bath, United Kingdom.

He started his career in 1992 at Interscience Sdn. Bhd. as a Service Engineer. At the end of 1993, he acquired an equity stake in EITA Power System Sdn. Bhd., which was then dormant. He left Interscience Sdn. Bhd. in 1994 as a Service Manager to develop the business of EITA Power System Sdn. Bhd. on a full-time basis. Currently, he is also responsible for overseeing the operations of Furutec Electrical Sdn. Bhd..

He does not hold directorship in other public companies and listed companies but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

DIRECTORS' PROFILE
cont'd

CHONG YOKE PENG
Alternate Director to Mr. Lee Peng Sian and Key Senior Management

Chong Yoke Peng, a Malaysian, aged 60, male, is an Alternate Director to Mr. Lee Peng Sian. He was first appointed to the Board as an Executive Director on 8 January 2001 and resigned on 1 November 2018. Subsequently, he was re-appointed as an Alternate Director to Mr. Lee Peng Sian on the same date. He graduated in 1982 with a Certificate in Materials Engineering from Tunku Abdul Rahman College. In 2001, he obtained a Bachelor of Arts Degree in Business Administration from the Royal Melbourne Institute of Technology, Australia.

He started his career in 1982 as a Quality Control Supervisor in Lion Metal Industries Sdn. Bhd.. Subsequently, he joined See Sun Engineering Sdn. Bhd. as a Sales Executive in 1983 and in 1987, he left to join BBC Brown Boveri Sdn. Bhd. as a Sales Representative. He was a Sales Executive with Lim Kim Hai Electric Sdn. Bhd. in 1988 and was promoted to the position of Sales Manager in 1990. He joined EITA Electric Sdn. Bhd. as the General Manager/ Executive Director in 1996 and was promoted to Managing Director in 2009.

He has gained vast working experience over the last thirty (30) years in managing sales and marketing of Electrical and Electronic components business in Malaysia.

He does not hold directorship in other public companies and listed companies but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

CHIA MAK HOOI
Non-Independent Non-Executive Director

Chia Mak Hooi, a Malaysian, aged 54, male, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board on 20 August 1997 and is also a member of the Audit Committee and Nomination and Remuneration Committee.

He graduated in 1988 with a Bachelor of Science Degree in Accounting and Finance from the Arizona State University, United States of America.

He started his career in 1989 as an Assistant Accountant with Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn. Bhd. as a Finance Manager where he was mainly responsible for accounts, tax and audit planning, and cash management. In 1996, he was appointed Finance Director of the company and was involved in the listing of QL Resources Berhad on the Second Board of Bursa Malaysia Securities Berhad. He was later appointed Executive Director of QL Resources Berhad in 2000 where he is actively involved in the group corporate activities, strategic business planning and also the group integrated livestock expansion programs both locally and overseas.

He is also a director and/or shareholder of several private companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

DIRECTORS' PROFILE
cont'd

CHIA SEONG POW
Alternate Director to Mr. Chia Mak Hooi

Chia Seong Pow, a Malaysian, aged 64, male, is an Alternate Director to Mr. Chia Mak Hooi. He was first appointed to the Board as a Non-Independent Non-Executive Director on 1 March 2017 and resigned on 1 November 2018. Subsequently, he was re-appointed as an Alternate Director to Mr. Chia Mak Hooi on the same date.

He graduated from Tunku Abdul Rahman College with a diploma in Building Technology.

He is one of the founder members of QL Resources Berhad Group. He joined CBG Holdings Sdn. Bhd. as Marketing Director in 1984. He has more than 25 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

Currently, he is mainly in charge of layer farming, regional merchanting trade in food grains as well as new business developments. Majority of the QL Resources Berhad's new expansion programmes were initiated by him.

He is a director of QL Resources Berhad and also a director and/or shareholder of several private companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

CHONG LEE CHANG
Senior Independent Non-Executive Director

Chong Lee Chang, a Malaysian, aged 60, male, was appointed to the Board on 15 January 2010 as an Independent Non-Executive Director. Subsequently, he was appointed as the Senior Independent Non-Executive Director of the Company on 23 April 2013. Mr. Chong is the Chairman of the Nomination and Remuneration Committee and is a member of the Audit Committee. He graduated in 1982 with a Bachelor of Arts Honours Degree majoring in Law from the Manchester Metropolitan University, United Kingdom. He graduated with Honours from the Inns of Court School of Law, London in 1983. Subsequently in the same year, he was admitted to the Honourable Society of Lincoln's Inn, London, as a Barrister-at-Law. In 1984, he was admitted as an Advocates and Solicitors of the High Court of Malaya.

He brings with him more than 30 years of experience in legal practice in Malaysia. He was a senior partner of a Kuala Lumpur based law firm, Messrs LC Chong & Co. His legal experience includes advising and providing legal services for clients not only in Malaysia, but also in the Asia Pacific region and United Kingdom. He has international corporate management experience in the past fifteen (15) years. He has served as an Executive Director of Antah Holdings Berhad, a company that was then listed on the Main Board of Bursa Malaysia Securities Berhad from June 2000 to October 2001 and also held directorships in various international joint venture companies in Malaysia including the Malaysian franchise holders of Pepsi-Cola, Permanis Sdn. Bhd., Seven Eleven Convenient Stores and Antah Melco Sdn. Bhd., a joint venture company between Antah Holdings Berhad and Mitsubishi Electric Company, Japan. From 2001 to 2005, he was a Director of JWC Ltd, a United Kingdom based furniture chain retail store. In May 2005, he joined the Board of Midwest Corporation Limited, a company listed on the Australian Stock Exchange with its principal activities in mining, exploring and exporting iron ore. He resigned from Midwest Corporation in February 2009 after the company was delisted from the Australian Stock Exchange. He is currently an Independent Non-Executive Director of Hong Kong listed companies, Agritrade Resources Limited. He is also currently the Managing Director of Guangxi Xin Wei Hotel Management Co Ltd., owners of the Nanning Marriott Hotel in Nanning, Guangxi, China.

He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

DIRECTORS' PROFILE
cont'd

TAN CHUAN HOCK
Independent Non-Executive Director

Tan Chuan Hock, a Malaysian, aged 58, male, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 15 January 2010. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Mr. Tan is the executive proprietor and founder of William C. H. Tan & Associates, a Chartered Accountants firm. He is a member of the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and is a Fellow Member of the Association of Chartered Certified Accountants (ACCA). He has over 30 years of experience particularly in financial reporting, auditing, taxation and planning as well as corporate management and advisory services.

He holds directorships in several limited companies. Presently, he is a Director of LKL International Berhad, Careplus Group Berhad and Grand-Flo Berhad. He attended all four (4) Board Meetings held during the financial year ended 30 September 2018.

HO LEE CHEN
Independent Non-Executive Director

Ho Lee Chen, a Malaysian, aged 57, female, is an Independent Non-Executive Director of the Company. She was appointed to the Board on 1 November 2018. She is a member of the Audit Committee and Nomination and Remuneration Committee.

She is a member of the Malaysian Institute of Accountant (MIA) and is a Fellow Member of the CPA Australia. She is a finance professional with close to 30 years of finance and marketing experience in public listed companies across different industries, in particular Malaysia Airlines Berhad, Genting Group and Southern Bank Bhd. She had roles in internal audit, group treasury and accounting, property development, eCommerce and Enterprise Resource Planning (ERP) systems.

She is currently a Director of IDB Technologies Berhad.

She has not attended any Board Meeting held during the financial year ended 30 September 2018 since she was appointed to the Board on 1 November 2018.

Notes:-

1) *None of the Directors have family relationship with other Directors or major shareholders except for the following:-*
   a) *Mr. Fu Wing Hoong is the spouse of Madam Lee Pek See, a major shareholder of the Company.*
   b) *Mr. Lim Joo Swee is the spouse of Madam Goh Kin Bee, a major shareholder of the Company.*
   c) *Mr. Chia Seong Pow is the younger brother to Mr. Chia Seong Fatt, a major shareholder of the Company.*

2) *None of the Directors have any conflict of interests with the Company except as disclosed in Note 33 of the Financial Statements on page 136 of this Annual Report.*

3) *None of the Directors have been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 September 2018.*

KEY SENIOR MANAGEMENT'S PROFILE

LOH KUWEI LAM

Loh Kuwei Lam, a Malaysian, aged 60, male, is the General Manager for Operations of EITA Elevator. He graduated in 1983 with a Diploma in Technology (Electronic Engineering) from Tunku Abdul Rahman College, Kuala Lumpur and completed the examinations of the Engineering Council, United Kingdom in 1995.

He started his career in 1983 as a Project Supervisor at Ryoden (M) Sdn. Bhd.. He left in 1985 to join Antah Schindler Sdn. Bhd. as Project Engineer and rose to Senior Manager before he joined EITA-Schneider in 2000 where he was appointed as General Manager. He left EITA-Schneider in the same year to work on a freelance basis in the Elevator industry. In 2002, he joined EITA Elevator as Technical Director and in the same year, he was transferred to EITA-Schneider. He was subsequently promoted to General Manager in 2003 where his main responsibilities include financial performance monitoring, credit control and contract policy settling and control, as well as operational processes streamlining. In January 2016, he was re-designated as General Manager for operation of EITA Elevator.

He is registered as a Competent Person under the Factories and Machinery (Electric Passenger and Goods Lift) Regulations 1970 with the Department of Occupational Safety and Health, Ministry of Human Resources, Malaysia.

MOK CHEE HONG

Mok Chee Hong, a Malaysian, aged 47, male, is the Chief Financial Officer of the Company since 23 October 2017. He is a Chartered Accountant and a fellow member of Association of Chartered Certified Accountants (ACCA) and a member of Malaysian Institute of Accountants (MIA).

He has over 20 years of experience in financial reporting, tax, treasury, auditing, budgeting and forecasting. He has held various positions in multinational companies and public listed companies during his career.

Before he joined the Company, he was the Financial Controller of a global footwear and fashion accessory manufacturer and retailer. He started his career as Auditor with BDO Binder before joined Talam Corporation Berhad as Assistant Finance Manager and as Finance Manager in Panasonic Malaysia for several years before moved to Carlsberg Brewery Malaysia Berhad as Senior Finance Manager.

Home Lift

NG KHEOK WAH

Ng Kheok Wah, a Malaysian, aged 44, male, is the Assistant General Manager of Furutec Electrical. He graduated in 1996 from Minghsin Institute of Science and Technology, Taiwan, with a Diploma in Electrical Engineering.

He started his career in 1996 as an Assistant Production Engineer at Furutec Electrical and was promoted to Assistant Production Manager, Production Manager and Factory Manager in 2001, 2007 and 2009 respectively. Subsequently, he was promoted to his current position of Assistant General Manager in 2017, where his main responsibilities include manpower planning and monitoring, manufacturing process and quality assurance.

Sub-station site inspection

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

SHAK SUN FATT

Shak Sun Fatt, a Malaysian, aged 57, male, is the General Manager of EITA Technologies. He graduated from State University of New York Buffalo BSC in 1988.

He started his career in year 1992 as an Electrical Engineer at Safer Manufacturing Company. Subsequently, he joined Safer Asia Sdn. Bhd. (now known as EITA Technologies) as an Electrical Engineer in 1996 and was promoted to General Manager in 2003 where his main responsibilities include overseeing of Production, Sales and Quality Assurance activities.


Busduct Power Tap-off Units

WEE FOOK SANG

Wee Fook Sang, a Malaysian, aged 56, male, is the General Manager for Business Operation of EITA-Schneider. He graduated from Universiti Kebangsaan Malaysia in 1988 with a Bachelor of Arts Honours Degree in Political Science.

He started his career in 1988 as an Assistant Supervisor at Malaysia Sheet Glass Berhad. He was later appointed as the Superintendent in 1991 and became Senior Executive in 1993. In 1995, he was promoted to Section Manager of the Company. He left and joined EITA in 2000 as Warehouse Manager at EITA Elevator. In 2007, he was promoted to Senior Manager and in 2008, he was promoted to the position of General Manager of Production and Service of EITA Elevator. He was subsequently transferred to EITA-Schneider in 2009 where his main responsibilities include overseeing the manufacturing process, manpower planning and monitoring, safety, quality and cost improvement strategies.

WONG CHIN TIM

Wong Chin Tim, a Malaysian, aged 51, male, the General Manager of EITA Electric. He graduated in 1989 with a Certificate in Control and Instrumentation from Politeknik Ungku Omar, Ipoh.

He started his career in 1989 when he joined Lim Kim Hai Electric Sdn. Bhd. as a Technical Assistant where he was mainly involved in service and maintenance. In 1992, he was appointed as Sales Executive at LKH Advanced System Sdn. Bhd. before he was promoted to Product Manager in 1995. In 1996, he joined EITA and in the same year, he was promoted to Senior Manager of EITA Contrologic Sdn. Bhd.. In 2001, he was transferred to EITA Electric as Senior Manager and was subsequently promoted to Assistant General Manager in 2006. He was promoted to his current position of General Manager of EITA Electric in 2009 where his main responsibilities include overseeing sales and marketing activities of the company.


Quality & Safety inspection


EITA Electric Warehouse

Notes:-

Other than the Key Senior Management disclosed in the Directors' profile, none of the Key Senior Management have:-

1. *any directorship in public companies and listed companies;*
2. *any family relationship with any Directors and/or major shareholders of the Company;*
3. *any conflict of interest with the Company; and*
4. *been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 September 2018.*

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you the 2018 Annual Report of EITA Resources Berhad for the financial year ended 30 September 2018 ("FY2018").

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

BUSINESS RESULTS

2018 was a good year for us despite a challenging external environment. For FY2018, the Group recorded a consolidated revenue of RM263.4 million, as compared to RM270.7 million for FY2017. By segments, the Manufacturing business continued to be the major contributor with RM110.5 million (42%) of the Group's revenue while Marketing & Distribution Division and Services Division respectively contributed RM88.1 million (33%) and RM64.8 million (25%) of the Group's revenue.

The Group achieved a Profit After Tax of RM20.5 million for FY2018 as compared to RM19.8 million for FY2017, a growth of 4%.

As at 30 September 2018, the Group Shareholders' Fund stood at RM166.3 million.

ACHIEVEMENTS

The Group's key mission is to grow the Manufacturing business locally and regionally by building our own brands such as EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems.

We are proud of our achievement in EITA Elevator which had successfully completed the installation of elevator, escalator and travellator systems for all the underground stations of MRT Line 1. With this track record and recognition earned, EITA Elevator has successfully tendered for the MRT Line 2 and LRT Line 3 projects. This is testimony of the Group's technical capabilities in undertaking such challenging and major infrastructure projects.

As part of our expansion plan, EITA Elevator is building our new Headquarters at Bukit Raja, Klang, with a new landmark Test Tower, which we believe will be the tallest in Malaysia.

CHAIRMAN'S STATEMENT
cont'd

Homegrown Brand

Furutec Electrical will continue to expand our busduct business in the overseas markets. In order to enhance our competitive edge and respond to market needs, Furutec Electrical will focus on innovation to improve our busduct products in terms of features, quality that meets international certifications and competitive pricing. Going forward, Furutec Electrical will continue to develop "greener" products and processes.

Our own brands of manufactured products have also gained market acceptance beyond the ASEAN and Middle-Eastern markets.

Our Marketing and Distribution segment carries a well-known portfolio of internationally renowned brands of Electrical and Electronic products. Over the years, we have established a wide network of business partners. With the continued support of our business partners and suppliers, this business segment remains a stable revenue contributor to the Group.

As for our co-owned PYROTEC® brand Fire Resistant Mineral Insulated cables, it continues on its expansion path, especially for the overseas markets. We have been building up our network by partnering with more business associates around the ASEAN region. The direction ahead is to focus on deeper market penetration in selected key countries.

Our Services segment provides on-going maintenance and repair services to our increasing base of installed elevators and escalators. This is a source of recurring revenue for us. We are committed to improve our service delivery in this segment to ensure greater customer satisfaction.

TransSystem Continental Sdn. Bhd. ("TSC"), our 60%-owned subsidiary which we acquired in 2016, is a turn-key specialist in the provision and installation of sub-stations up to 500kV. We are pleased to share that TSC has been achieving encouraging success in securing more and bigger sub-station contracts. As Malaysia moves towards greater industrialisation to be a developed nation, the demand for power will continue to rise. This bodes well for us and we expect TSC to contribute more significantly to our revenue in the future.


Power Sub-station installation

CHAIRMAN'S STATEMENT
cont'd

Busduct HP-ES (AL) Model

Engineered for safety

OUTLOOK

Global growth is expected to remain modest at 3.7% for 2019, mainly supported by stable growth in the United States and most emerging markets and developing economies (EMDEs), in particular China, India and the Philippines. EMDE's growth is projected at 4.7% for 2019[1].

Risks for the global economy have tilted further towards the downside despite the projected expansion of the global economy. This is due to the anticipated tariff increase which will likely escalate to retaliatory trade actions among trading partners. In addition, tighter financial conditions in several advanced economies may cause fluctuations in exchange rates and further reduce capital inflows to emerging markets. Other downside risks include geopolitical tensions, domestic issues, economic and humanitarian costs arising from weather-related events and natural disasters[1].

Nevertheless, the Malaysian Government anticipates steady growth in 2019, despite cutbacks on infrastructure development projects and volatile global markets. Malaysia's economy in terms of GDP is expected to remain resilient even though with growing uncertainties in the external sector. Supported by firm domestic demand, the country's GDP is projected to pick up slightly to 4.9% in 2019[2].

The manufacturing sector is projected to register modest growth primarily due to continuous demand for electrical and electronic products[2].

DIVIDEND

For FY2018, the Group has declared a First Interim Dividend of 2.0 sen per ordinary share and a Special Dividend of 2.0 sen per ordinary share totalling RM5.2 million which were paid to our shareholders on 28 September 2018.

The Board has recommended a Final Single-Tier Dividend of 3.0 sen per ordinary share amounting to RM3.9 million for the financial year under review. This proposal will be presented to our shareholders for approval at the forthcoming Annual General Meeting. This proposal, if approved, will bring a total dividend for the financial year under review to 7.0 sen per ordinary share. The total payout would be RM9.1 million, representing 44.4% of the Group's net profits for FY2018.

Installing elevator controller

CHAIRMAN'S STATEMENT
cont'd


EITA-Schneider Elevator

APPRECIATION

Our accomplishments for FY2018 is a direct result of strong support, commitments and efforts of all our stakeholders. On behalf of the Board, I would like to express our sincere thanks to all our customers, suppliers, business associates, government authorities and shareholders for their continuous confidence in EITA.

I would like to take this opportunity to welcome Ms. Ho Lee Chen as our new Independent Non-Executive Director. I am confident that Ms. Ho will provide new perspective to our board deliberations and add to the diversity of our Board. Last but not least, to my colleagues on the Board, EITA management and staff, I wish to extend my heartfelt gratitude for your resolute dedication, valued contributions and diligent hard-work towards the growth and success of EITA.

DATO' SIOW KIM LUN
Chairman

[1] *Economic Outlook 2019 – New Straits Times Special - 3 November 2018*
[2] *Economic Outlook 2019 – Star Special - 3 November 2018*

MANAGEMENT DISCUSSION AND ANALYSIS

FU WING HOONG
Group Managing Director

GROUP BUSINESS OBJECTIVES AND STRATEGIES

EITA continues to strengthen our core business segments comprising of Manufacturing, Marketing & Distribution and Services. The Group remains committed to offer value-added products and solutions for the Construction and Manufacturing industries.

The key strategies are to ensure the Group achieve its key objective of long-term business sustainability.

- **Manufacturing push**. EITA continues our determined forward push to grow our manufacturing business, especially in building our very own brands, EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems. These brands have been gaining greater market awareness and acceptance both locally and internationally.

- **Overseas market focus**. The Group remains focus in expanding its overseas business through developing strong regional business partners to fuel our growth. Beyond our key ASEAN and Middle-East markets, EITA-Schneider (MFG) Sdn. Bhd. has made unexpected entry into countries such as Kenya, Papua New Guinea, Maldives and Bangladesh.

- **High-value projects**. Over the years, EITA has steadily built a credible reputation backed by a positive track record in project delivery and with greater confidence in executing high-value projects. This has allowed EITA to successfully bid for high-value and complex projects, including MRT Line 2 and LRT Line 3.

  Our subsidiary, TransSystem Continental Sdn. Bhd. ("TSC"), a sub-station turn-key installation specialist has secured larger value contracts from Tenaga Nasional Berhad and Sarawak Energy Berhad.

- **Service and maintenance**. Service and maintenance revenue continues to grow as EITA hands over more and more completed elevator projects. The goal is to maximise retention of our installed base in order to optimise our recurring service and maintenance revenue.

FINANCIAL PERFORMANCE REVIEW

The Group achieved a total revenue of RM263.4 million for the financial year ended 30 September 2018 ("FY2018") as compared to RM270.7 million for financial year ended 30 September 2017 ("FY2017"). The decrease mainly due from Manufacturing segment.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd


MRT Escalator

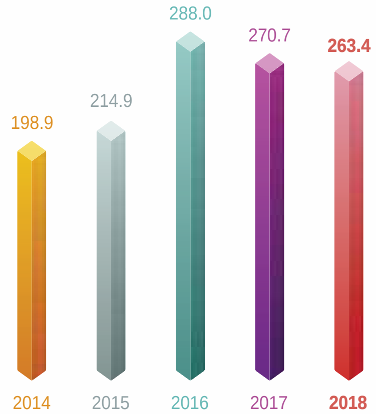
The Group's Profit Before Tax for FY2018 increased marginally by RM60,000 or 0.2% as compared to RM26.7 million for FY2017. The main reason was due to lower inventories written down to net realisable value and reversal of allowance for doubtful debts.

For FY2018, our domestic market recorded a sales revenue of RM214.3 million as compared to RM212.3 million in FY2017. The increase was mainly due to improved revenue from Services segment.

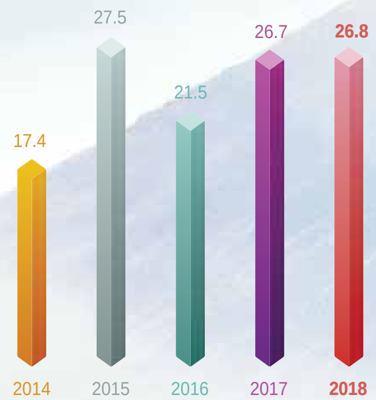
As for our overseas market, in FY2018 the sales revenue registered at RM49.1 million as compared to RM58.4 million achieved in FY2017. The decrease in revenue was due to lower sales in busduct, mitigated by an increase in sales in elevator, cables and other products.


Lift Panel assembly

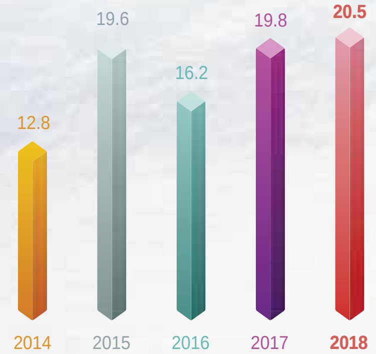
REVENUE (RM' MIL)



PROFIT BEFORE TAXATION (PBT) (RM' MIL)



PROFIT AFTER TAXATION (PAT) (RM' MIL)



MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

				Audited		
		FY2014	FY2015	FY2016	FY2017	FY2018
Revenue	RM'000	198,910	214,930	288,032	270,680	263,376
Profit Before Taxation (PBT)	RM'000	17,426	27,478	21,508	26,691	26,751
PBT Margin	%	8.76	12.78	7.47	9.86	10.16
Profit After Taxation (PAT)	RM'000	12,793	19,633	16,234	19,770	20,485
PAT Margin	%	6.43	9.13	5.64	7.30	7.78
Basic EPS	sen	9.78**	15.05**	12.03**	15.32**	15.45**
Gearing Ratio	times	0.18	0.10	0.30	0.11	0.09

Notes:-

** *Based on the weighted average number of ordinary shares outstanding during the financial year excluding treasury shares held by the Company.*

OPERATIONS REVIEW

- **Manufacturing**

  For FY2018, the Manufacturing segment had achieved RM110.5 million or 42.0% of the Group's revenue, in comparison to FY2017 of RM146.1 million or 54.0% of the Group's revenue. The decrease was due to lower execution of elevator projects and lower revenue from busduct.

  The Manufacturing segment remains as the major revenue contributor to the Group from our key brands namely, EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems.

  EITA Elevator (Malaysia) Sdn. Bhd. ("EITA Elevator") having successfully completed MRT Line 1 for the seven (7) underground stations, proves that it has the project capabilities and technical competencies. Furthermore, EITA Elevator was awarded with a above ground package for MRT Line 2 and all the above ground packages for LRT Line 3.

  Furutec Electrical Sdn. Bhd. ("Furutec Electrical") with its busduct products continues to expand into ASEAN and the Middle-East markets. However, the year under review was very challenging for export market, the Busduct overseas revenue recorded at RM21.8 million in FY2018 as compared to RM34.0 million in FY2017. The busduct team continues to get their busduct certified to international standards to stay competitive against other established foreign brands.

  In FY2018, Furutec Electrical received accreditations for having successfully completed a series of busduct testing and certification, such as BS 6387 Fire Resistant Test for AH (CU) model and HP-ES (AL) model.

  Furutec Electrical also invested in improving its manufacturing line for the AH model by migrating the manufacturing technology from China to its Penang plant in September 2018.

  Notably for FY2018, our EITA-Schneider® brand made market break-throughs into Papua New Guinea, Maldives and Bangladesh.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd


To meet the increasing demand for electricity

- **Marketing & Distribution**

  The Marketing & Distribution segment registered an increase in revenue. For FY2018, this segment recorded RM88.1 million or 33.4% of the Group's revenue, as compared to FY2017 of RM86.7 million or 32.0% of the Group's revenue. The slight increase was due to higher demand in the Electrical and Electronics ("E&E") market.

  EITA continues to market and distribute a broad range of international renowned third-party E&E equipment and components from Fuji Electric, Kyoritsu, Panasonic, General Electric, MMC and others. These E&E products also complement our own brands.

  Over the years, EITA has established a strong marketing and distribution network throughout Malaysia. It is the mutual trust earned with our business partners that has resulted in long-term business support and a stable revenue contributor.

- **Services**

  The Services segment consists of several business operations. Firstly, is the provision of maintenance and repair services for our contracted EITA Elevator customers. Secondly, is through TSC which specialises in high-voltage power distribution in the installation of sub-stations up to 500kV. Lastly, other services revenue generated from our Electrical and Security projects.

  For FY2018, the Services segment had achieved RM64.8 million or 24.6% of the Group's revenue, as compared to FY2017 of RM37.9 million or 14.0% of the Group's revenue. The increase mainly due to higher execution of Transmission Sub-Station projects and elevator maintenance contract and repair sales.

  As at end FY2018, EITA has handed over 3,200 units of elevator and escalator systems. At EITA, we will continue to expand and train our Service team, this includes developing a specialised group of Competent Person to meet the ever-demanding customer's expectation to ensure ride comfort and most importantly, safety.

  In FY2018, TSC tendered and was awarded various contracts from Tenaga Nasional Berhad and made a successful breakthrough by securing a contract from Sarawak Energy Berhad.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

RISKS AND CHALLENGES

The Group is mindful of the current global and local political and economic landscape which is quite dynamic and filled with uncertainties.

At EITA, forward planning and preparedness with a set of risk control measures for risk management are in placed to mitigate these potential risks and challenges.

MRT - Maluri Station

- **Foreign Exchange**

  For our Manufacturing, and Marketing and Distribution business segments, EITA trades internationally with both suppliers and customers. As such, the Management is vigilant to currency fluctuations, especially US Dollar, Japanese Yen and Chinese Renminbi against Malaysian Ringgit. Hedging policy is in place accordance to business requirements to mitigate the foreign exchange risk exposure.

- **Human Capital**

  EITA has grown rapidly and now has a head-count of about 600 employees. Matching market demands with appropriate skilled manpower would be a challenge. Forecasting the project pipeline, project management and execution will be critical to ensure adequate and appropriate resources are available to successfully deliver projects on time, on budget and with the expected quality.

- **Safety**

  For the Group, ensuring safety for the public and in our business operations remains a priority.

  EITA Elevator continues to educate the general public on safety aspects and proper usage of elevators and escalators through our Public Safety Awareness Campaign held at shopping malls and government housing projects. We also participate in safety awareness seminars jointly with Jabatan Kerja Raya ("JKR"). To-date, we have carried out seven (7) public safety awareness events throughout Malaysia.

  In line with Jabatan Keselamatan dan Kesihatan Perkerjaan ("JKKP") guidelines and to further improve our overall safety and service delivery, EITA Elevator has a continuous Competent Person ("CP") development programme to nurture a team of CP personnel to provide more efficient and timely lift inspection for our customers.

  We will continue to ensure our elevator and busduct systems are in compliance with the current safety standards, and where appropriate engineered with enhanced safety features.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

OUTLOOK AND PROSPECTS

The geo-political and economic outlook has some challenges ahead, particularly, the on-going trade tensions between two super economic powers – China and the United States. According to Finance Ministry's Economic Outlook 2019, if the trade war escalates, it would drag down world global output by 0.4% by 2020 and the Malaysian economy could lose up to 0.7%[1].

However, Malaysia will weather this trade war given its strong economic standing on the back of strong trading networks and diversified sectors over the years. This, in turn, will enable local companies to navigate the disruptions and seek new opportunities and alternative markets. Furthermore, Malaysia is always open to pursuing trade initiatives through bilateral and multilateral agreements that will benefit its commerce landscape[1].

Finance Ministry's Economic Outlook 2019 report highlights that Malaysia's manufacturing sector is forecast to expand 4.7% in 2019, supported by export-oriented industries. This follows continuous expansion in E&E as well as chemicals and chemical product sub-sectors. The civil engineering segment is expected to remain the growth driver for the construction sector, largely supported by on-going projects. This is despite on-going review of several infrastructure projects as well as subdued activities in non-residential sub-sector[1].

- **Public transport infrastructure projects**

  For 2019 Budget, the Government has allocated RM240 million for RM100 unlimited public transport pass for rail and bus services[2]. However, the new administration is also in the amidst of re-evaluating various rail infrastructure projects with the possibility of scaling down and/or delaying the implementation.

  EITA has already been awarded several elevator and escalator packages for MRT Line 2 and LRT Line 3. However, these two (2) projects have been affected due to Government's recent decisions. Nevertheless, we are still in the midst of discussion and look forward to finalise these projects in the near future.

  Overall, transportation projects augers well for the construction industry. It presents potential opportunities for EITA, not only for EITA-Schneider® elevator systems, but also for Furutec® busduct systems and PYROTEC® cables, including our Marketing & Distribution's third-party E&E brands.

Overseas expansion

- **Overseas market expansion**

  Overseas revenue for FY2018 recorded at RM49.1 million, decreased from RM58.4 million in FY2017. While ASEAN and the Middle-East remain important markets to EITA, we are also keen to extend our overseas boundaries. As such, we have been in contact with our Government foreign trade agencies to leverage on their network and expertise to explore new territories.

[1] *Economic Outlook 2019 – New Straits Times Special - 3 November 2018*
[2] *Economic Outlook 2019 – Star Special - 3 November 2018*

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd


Ground Breaking Ceremony

- **EITA Elevator Group of Companies – new Headquarters at Bukit Raja**

  EITA Elevator is expected to move to its new Headquarters at Bukit Raja, Klang in 2019. It would also house other subsidiaries such as EITA-Schneider (MFG) Sdn. Bhd., joint-venture company Sigriner Automation (MFG) Sdn. Bhd. and EITA Research & Development Sdn. Bhd.. This would centralise and streamline the whole business operations under one roof, from sales to project management, from maintenance services to research and development, from manufacturing to warehousing.

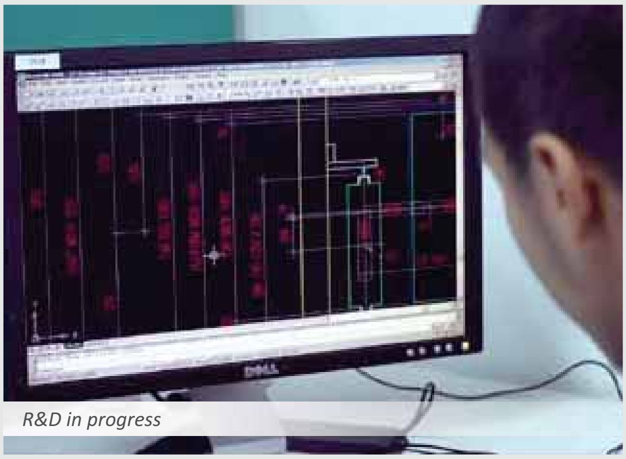
  A traditional ground-breaking ceremony was held on 8 June 2018 to mark the first official day of construction. The land size for this site is 126,324 sq. ft. (2.9 acres) with an estimated built-up of 79,000 sq. ft. It will consist of a front-facing main office block, with a manufacturing facility cum warehouse located behind. There will also be a land-mark Test Tower structure measuring over 87 meters in height.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

- **Test Tower for Research & Development ("R&D")**

  Indeed, the Group is looking forward to have its own Test Tower as this will mark a major milestone in branding EITA as a progressive elevator manufacturer.

  This Test Tower serves as a R&D facility for our elevator R&D team. EITA will be able to conduct high-speed tests to meet the demands of taller buildings for faster, smoother and more importantly, safer ride. In addition, as the industry introduce more safety standards, this Test Tower would allow R&D team to be more effective and efficient to run various in-house compliance certification tests.



R&D in progress

- **"Green" products and processes**

  Globally, organisations are gearing themselves toward long-term business sustainability, particularly in implementing "green" initiatives.

  In line with EITA's sustainability mission, we will continue to develop more business sustainable products aligned with our tag-line 'brings good feel to life" and to better co-exist with mother earth. Previous accreditations include SIRIM Eco-label and Singapore Green Building Product.

  The Group also strives for more environmental friendly operations. We have adopted sustainable environmental principles such as energy conservation, rainwater harvesting, solar panels at our car-park and more. For these past efforts, we have been recognised with "Green Office" and "AquaSave" certificates from the local authorities.

- **Energy demand**

  As a developing nation with a growing population, the demand for energy is ever increasing both by the industries and general public. EITA being in the power distribution sector, this augurs well for us.

  The Group offers a wide range of power distribution solutions from Extra Low Voltage systems to 500kV sub-stations. TSC specialising in sub-station turn-key installations is well-positioned to capitalise on greater opportunities, particularly in the power infrastructure industry.

ACKNOWLEDGEMENT

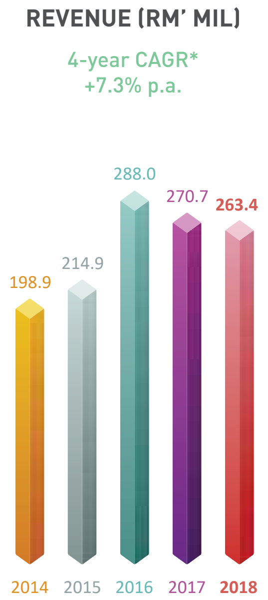
EITA has recorded another satisfactory year. We have worked hard and we have persisted in facing the challenges.

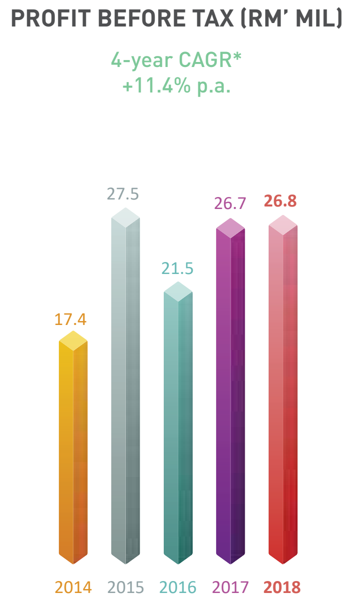
On behalf of the Management team, I would like to express our sincere gratitude to the Board of Directors for their confidence and guidance. I would also like to record my appreciation and applaud my fellow colleagues across the Group for their dedication and contributions throughout the year.

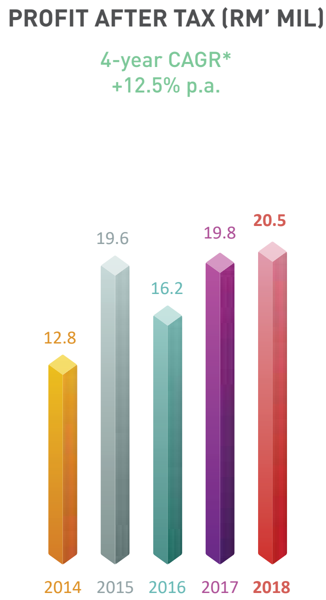
I am confident that EITA is well positioned to forge ahead against the headwinds, to deliver greater success and value to all our stakeholders.

FU WING HOONG
Group Managing Director

FINANCIAL HIGHLIGHTS







* CAGR = Compounded Annual Growth Rate.

GROUP PROFITABILITY For the Financial Year (RM' Mil)	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Revenue	198.9	214.9	288.0	270.7	**263.4**
Profit Before Tax	17.4	27.5	21.5	26.7	**26.8**
Net Profit Attributable to Equity Holders	12.8	19.6	16.2	19.8	**20.5**
GROUP FINANCIAL POSITION As at 30 September (RM' Mil)	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Total Non-Current Assets	28.5	30.4	34.9	34.6	**37.4**
Total Current Assets	139.7	169.5	218.7	196.8	**202.8**
Total Assets	168.2	199.9	253.6	231.4	**240.2**
Shareholders' Equity	116.5	131.8	142.1	157.0	**166.3**
Minority Interests	0.6	0.6	1.4	1.3	**1.7**
Total Equity	117.1	132.4	143.5	158.3	**168.0**
Total Non-Current Liabilities	9.6	12.1	8.8	7.6	**6.8**
Total Current Liabilities	41.5	55.4	101.3	65.5	**65.4**
Total Equity & Liabilities	168.2	199.9	253.6	231.4	**240.2**
FINANCIAL ANALYSIS	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**
Profit Before Tax Margin	8.7%	12.8%	7.5%	9.9%	**10.2%**
Net Profit Margin	6.4%	9.1%	5.6%	7.3%	**7.8%**

SUSTAINABILITY STATEMENT

This Sustainability Statement ("Statement") covers the operations of EITA Group of Companies ("EITA" or "the Company") and the active subsidiaries located in Malaysia, Singapore and Indonesia, and across our business segments namely, Manufacturing, Marketing and Distribution, and Services.

The statement reporting period is from 1 October 2017 to 30 September 2018. This Statement has been prepared with reference to the Sustainability Reporting Guide and Toolkits issued by BURSA Malaysia Securities Berhad ("BURSA Malaysia").

This Statement is our first step towards the journey to establish a consistent sustainability framework. Our focus is to enhance the current governance structure to manage our sustainability performance indicators and to create awareness on sustainability concepts among key stakeholders. Certainly, we will have to go through a steep learning curve as we are still transitioning from providing a narrative format to a more comprehensive and measurable sustainability performance reporting.

SUSTAINABILITY STATEMENT
cont'd

OUR SUSTAINABILITY APPROACH

Very much aligned to EITA's tagline "brings good feel to life", we intend to be a proactive and positive force for a better world. EITA firmly believes that Economic, Environmental and Social Responsibility ("EES") and corporate governance are central for long-term business sustainability.

"We are committed to entrenching sustainability within our business strategy and within EITA's culture." – Fu Wing Hoong, Group Managing Director ("Group MD").

At the very heart of our sustainability approach lies the **Spirit of our Core Values** as reflected in our EITA acronym:

E – Excellence : In our quest for excellence, we seek sustained and strategic business growth for the company and its employee, and to optimize shareholders' returns.

I – Integrity : We shall carry out our duties with the utmost integrity, grounded on sound moral and ethical principles.

T – Trust and Respect : It is through trust and mutual respect that we build strong working relationships among our stakeholders.

A – Accountability : We shall demonstrate full accountability and be responsible for all our actions, decisions and behavior.

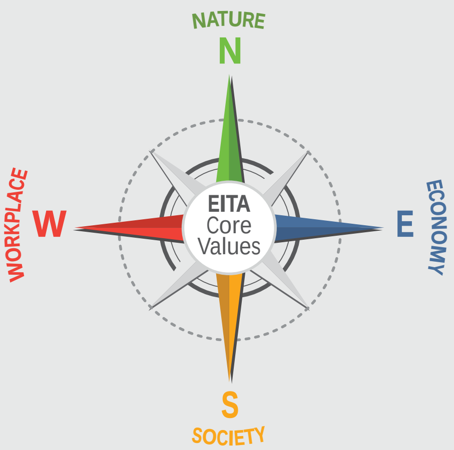
EITA's sustainability approach is guided by the four (4) cardinal directions of our Sustainability Compass: **N**ature, **E**conomy, **S**ociety and **W**orkplace.

NATURE

EITA commits to a sustainable co-existence with Mother Nature for a "greener" environment where we work, live and play. We strive to champion eco-friendly initiatives in our products and processes.

WORKPLACE

EITA endeavours to create a conducive workplace where our employees are able to thrive and perform to the best of their abilities to deliver sustained high performance.



ECONOMIC

EITA pledges a sustainable business model to provide quality products and value-added services, to uphold ethical business practices and to deliver superior returns to shareholders.

SOCIETY

EITA embraces our role as a responsible corporate citizen and to inculcate an attitude of volunteerism amongst our staff to build meaningful relationships and to be positive contributor to the community.

SUSTAINABILITY STATEMENT
cont'd

SUSTAINABILITY GOVERNANCE

At EITA, we are in the process of firming up our sustainability governance structure. Moving forward, EITA's Executive Committee sets the overall corporate sustainability strategy and provides impact oversight on the Group's business activities. Our Group MD provides the overall direction and oversees the management of sustainability initiatives.

Our Executive Director heads the Sustainability Working Group ("SWG") to review sustainability implementation and performance indicators, and is supported by our Chief Financial Officer ("CFO"). The SWG compromises of designated management and representatives from various subsidiaries and departments and they are responsible for materiality assessment, drive implementation, monitor and report sustainability initiatives.

EXECUTIVE COMMITTEE
Sets overall corporate sustainability strategy and provide impact oversight on the Group's business activities

GROUP MANAGING DIRECTOR
Provides overall direction and oversees the management of sustainability initiatives

SUSTAINABILITY WORKING GROUP
Responsible for materiality assessment, drive implementation, monitor and report sustainability initiatives

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER ENGAGEMENT

We believe that continuous engagement in a timely and open manner with our internal and external stakeholders is important in communicating our sustainability initiatives to them. We recognize that it is crucial to closely work with our stakeholders to identify and address sustainability matters which ultimately help us in making informed decisions to achieve our sustainability objectives.

Stakeholders	Mode of Engagement	Sustainability Focus Areas
Shareholders/Investors	* Annual General Meeting * Annual Report * Quarterly Results Announcements * Corporate website * Analyst briefings * Media interviews and releases	* Company performance * Dividend * Business strategy and plans * Corporate governance * Corporate activities
Customers/Distributors	* Direct engagements * On-site meetings * Customer Satisfaction Surveys * Exhibitions * Corporate website	* Relationship management * Supply chain management * Quality of product & services * Project management
Suppliers/Contractors/ Consultants	* Direct engagements * On-site inspections	* Relationship management * Supply chain management * Quality of product & services * Occuptional health & safety
Government/ Regulatory authorities	* Participation in programmes organised * On-site inspections	* Corporate governance * Regulatory compliance
Media/Analyst	* Media interviews & releases * Analyst briefings * Advertisements	* Timely communications
Employees	* Learning & Development programme * Employee Engagement Survey * Performance Appraisal * Company activities (Sports Club, Annual Dinner, Quarterly Birthdays)	* Career development & advancement * Fair Employment practices * Workplace conduciveness * Safety, health and welfare * Balanced lifestyle
Local communities	* Volunteering programmes * Community engagement programmes	* Good Corporate Citizenship * Safety practices * Environmental practices

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT

Embarking onto our sustainability reporting journey, our approach in materiality assessment and in developing the Materiality Matrix is to evaluate the significant material sustainability matters within the four corner-stones of our Sustainability Compass that are most impactful to our long-term business sustainability and in harmony with our stakeholder interests.

The process for determining and assessing material sustainability matters:

Identify stakeholders

- Identify the key stakeholders:
  - Shareholders/Investors
  - Customers/Distributors
  - Suppliers/Contractors/ Consultants
  - Government/ Regulatory Authorities
  - Media/Analyst
  - Employees
  - Local Communities

Determine & prioritise sustainability matters

- Determine sustainability matters for each stakeholders
- Prioritise the sustainability matters

Materiality Matrix assessment

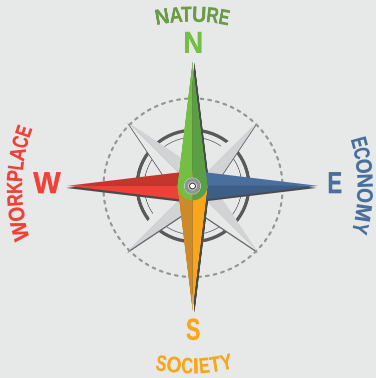
- Develop the Materiality Matrix assessing the factors on significant impacts and influence
- If necessary, re-assess the process to achieve the desired outcomes

SUSTAINABILITY STATEMENT
cont'd

Materiality Matters

NATURE

6 Recycling & Waste Management
7 Energy Conservation



WORKPLACE

8 Fair Employment Practices
9 Employee Development & Succession Planning
10 Safety & Health
11 Balanced Lifestyle

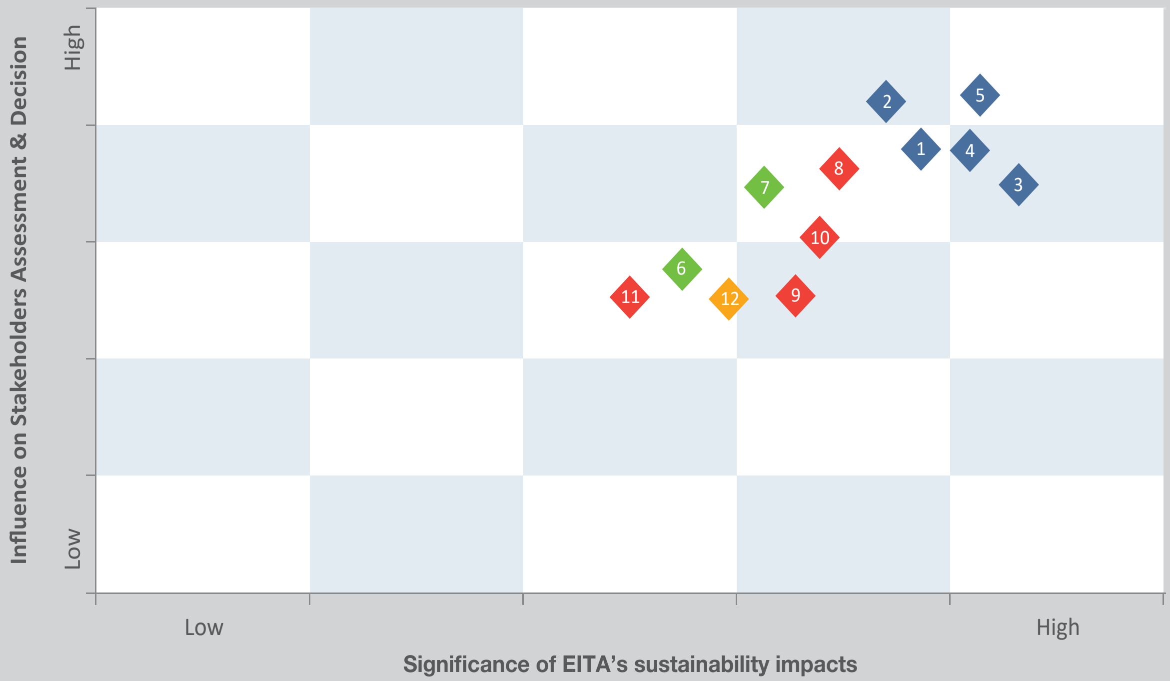
ECONOMIC

1 Corporate Governance and Code of Ethics & Conduct
2 Strategic Partnerships
3 Customer Satisfaction
4 Quality Commitment
5 Innovation

SOCIAL

12 Community Engagement

Materiality Matrix



SUSTAINABILITY STATEMENT
cont'd

Each sustainability matter is mapped against the respective stakeholder group across our business value chain. We also apply the impact created against United Nations Sustainable Development Goals (SDGs) framework.

Our Stakeholders	Shareholders/ Investors	Customers/ Distributors	Suppliers/ Contractors/ Consultants	Government/ Regulatory Authorities	Media/ Analyst	Employees	Local Communities	Contributions to SDGs
Sustainability Matters **ECONOMIC**								
Corporate Governance and Code of Ethics & Conduct	√	√	√	√	√	√		SDG#16
Strategic Partnerships	√	√	√	√	√	√		SDG#9, #12, #17
Customer Satisfaction	√	√			√	√		SDG#9, #17
Quality Commitment	√	√	√	√	√	√		SDG#9, #17
Innovation	√	√	√	√	√	√		SDG#9
NATURE								
Recycling & Waste Management	√	√		√		√	√	SDG#13
Energy Conservation	√	√		√		√	√	SDG#7, #12
WORKPLACE								
Fair Employment Practices	√			√		√	√	SDG#4, #5, #8
Employee Development & Succession Planning	√					√		SDG#4, #8
Safety & Health	√			√		√	√	SDG#3
Balanced Lifestyle	√					√		SDG#3
SOCIAL								
Community Engagement	√	√				√	√	SDG#10, #13

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC SUSTAINABILITY

The Group continually assess the dynamic marketplace to ensure long-term economic sustainability of all its businesses both locally and internationally.

In April 2018, EITA received the Global Responsible Business Leadership Award organised by Asia Pacific CSR Council.

Mr. Fu remarked, "We are proud to receive this award in recognition of the holistic approach in Corporate Sustainability and Corporate Responsibility."

Global Responsible Business Leadership Awards

- **Corporate Governance and Code of Ethics & Conduct**

  EITA believes that the implementation of sound corporate governance best practices is vital for sustainable growth in a dynamic and competitive marketplace.

  We are committed to the principles of corporate governance as set out in the Malaysian Code on Corporate Governance. This is to ensure the corporate governance standards are being observed throughout the Group which is stated in the Statement of Corporate Governance in this Annual Report.

  The Board has formalised the following policies:

  o Corporate Disclosure Policy
  o Code of Business Ethics Policy
  o Group Authority Manual
  o Whistle Blowing Policy
  o Remuneration Policy
  o Gender Diversity Policy
  o Related Party Transactions Policy and Procedures
  o External Auditors Assessment Policy
  o Internal Auditors Assessment Policy

  Our policies are reviewed periodically to ensure they reflect the applicable changes in legislative requirements and business environment.

- **Strategic Partnerships**

  Building a sustainable business, it is imperative to form strategic partnerships with various stakeholders to capitalize on our collective strengths and to synergise our total resources to create a bigger impact for our business and industry.

  For the MRT Line 1, EITA Elevator worked closely with our overseas counterparts to meet the highly stringent technical specifications. We have successfully completed this project, and has proceeded to secure packages for MRT Line 2 and LRT Line 3.

EITA Elevator Team Building Dinner

SUSTAINABILITY STATEMENT
cont'd

Our long-standing relationship with our internationally renowned foreign principals has helped built our foundation and enhanced our reputation as a marketeer of high quality E&E equipment and components.

Overseas growth is vital for the Group. We have established a commendable distribution network in ASEAN and the Middle-East. We will continue to seek and to cultivate more strategic overseas partnerships.

- **Customers Satisfaction**

Customer satisfaction is the foundation in fostering customer loyalty. Understanding and anticipating customers' needs and expectations will improve our reputation, and ultimately, reflected in our increased bottom line. We continually upgrade our operations to offer better products, improve our customisation ability, deliver better customer experience in sales, marketing support, project management, and maintenance and repairs.

EITA Elevator - Service and Maintenance Department	FY2018	FY2017
Timeliness & Reliability of Services	88%	82%
Quality of Product & Services	83%	81%
Responsive to Customer Needs	81%	80%
Communication with Customers	85%	82%
Average	**84%**	**81%**

EITA Elevator – Service and Maintenance Department in charge of maintenance and repair service performs quarterly Customer Satisfaction surveys. The target is to achieve at least 80% of customer satisfaction. For FY2018, the overall score achieved was 84%, an improvement as compared to 81% in FY2017.


EITA Annual Dinner

EITA - Schneider (MFG) Sdn. Bhd.	FY2018	FY2017
Timeliness & Reliability of Services	83%	85%
Quality of Product & Services	86%	78%
Responsive to Customer Needs	81%	81%
Average	**83%**	**81%**

As for EITA-Schneider (MFG) Sdn. Bhd., our elevator manufacturing subsidiary, it is also responsible for overseas sales. They have carried out their own Customer Satisfaction survey and for FY2018, there was an increased to 83% in its overall score as compared to 81% in FY2017.

For the elevator business, we have learned and gained valuable knowledge from the MRT Line 1 project. We now have an experienced and competent project delivery team ever-ready to tackle even more challenging projects ahead and to strive to exceed our customer's expectations.

Also, there is now an expanded team of elevator Competent Person to carry out timely elevator inspections. In addition, elevator maintenance team has been re-structured to ensure improved service delivery. These proactive changes will ensure greater customer satisfaction and long-term loyalty.

SUSTAINABILITY STATEMENT
cont'd

Furutec Electric	FY2018	FY2017
Customer Satisfaction Survey	77%	86%
Correction Action Report (Cases)	0	0
Customer Returns (Lot)	0	0

As for Furutec Electrical, they also carry out their Customer Satisfaction survey annually, with target of achieving 80%. In addition, Corrective Action Report (Cases) and Customer Returns (Lots) are also being monitored. For FY2018, the Customer Satisfaction score dipped to 77%, mainly due to delivery issues. Corrective actions have already been put in place to address this matter.

EITA continues to provide training for our customers and business partners. In June 2018, Furutec Electrical and EITA Power System conducted a Certified Installer Programme for its business partners in Indonesia to skill them up in busduct installation.

Our direct presence with local Representative Office in both Indonesia and Vietnam to provide on-the-ground marketing support has brought us closer to our business partners and customers. We are able to be proactive in engaging them and have a deeper understanding of the local business climate.

- **Quality Commitment**

Quality is central to our work and the value we deliver to our customers. EITA is committed to providing our customers and business associates with high-quality products and with superior service and support.

For our own brands, EITA-Schneider® (Elevator systems), Furutec® (Busduct systems) and PYROTEC® (Fire-Resistant cables), we offer assurance to our customers with products that are in compliance with latest international and local standards such as IEC, BS, CNS, EN81 and others.

Our Quality Management System ("QMS") is based on ISO 9001:2015 QMS model. This is to ensure that we adhere to quality management principles to deliver consistent quality products and services, have a strong customer focus and a process approach for continual improvement.

Recycling Seminar

- **Innovation**

EITA continues to invest on improvements and innovations to deliver quality products and services to stay ahead of competition.

EITA Research & Development Sdn. Bhd. subsidiary provides in-house research and development (R&D) services for our own elevator and busduct products. Our team of R&D engineers continually focus on:

- o Cost-down design. By reducing material usage.
- o Energy efficient usage. By incorporating energy conservation and regeneration solutions.
- o Safety improvements. By integrating more and improved safety features.
- o Installation and serviceability ease. With improved designs.
- o Compliance to recognised standards. With product testing and certification by international bodies.

Furutec Electrical continues their mission to develop "green" busducts to meet increasing demand for such products. It has demonstrated proven sustainability performance against industry standards and has already received industry acknowledgements such as SIRIM Eco-label and Singapore Green Building Product label.

The Group is looking forward to its very own Test Tower facility in 2019. This would facilitate the R&D team to carry out more effective R&D to further improve our elevator systems in terms of speed, safety, ride comfort and much more.

SUSTAINABILITY STATEMENT
cont'd

NATURE SUSTAINABILITY

EITA is mindful of the environmental impacts arising from our business operations. We endeavor to pursue green sustainable initiatives in terms of recycling, waste management and energy conservation.

- **Recycling and Waste Management**

Recycable material	FY2018 (kg)	FY2017 (kg)
Paper	16,295	17,030
Plastic	2,420	2,220
Metal	49,272	73,143
Total	**67,987**	**92,393**


Recycling activity at EITA

At Group level, we have our on-going Recycling Campaign with segregation at source. This is to instill a recycling mind-set within our staff not only at the office but also at home.

We are still implementing and improving our waste management processes. Although, we have compiled recyclable materials statistics for the past 2 years, we are still in process of establishing appropriate baseline and waste management targets. Overall, we managed to reduce our recycled materials by 24,406 kg, a creditable 26% reduction.

As for scrap metal waste management, there are procedures in place for the proper collection, storage and eventually sale to licensed scrap collector to get the best possible prices.

An extension of the recycling programme, there is also corporate citizenship element. We have a partnership with a Non-Governmental Organisation ("NGO") which collects a portion of these recycled materials on a regular basis. They in turn then use the proceeds from the sales of these recycled materials for their NGO's charitable and welfare activities.

"Preserving the environment and at the same time, giving back to the society. Indeed, a worthy initiative.", Mr. Fu comments.

- **Energy Conservation**

Utilities	FY2018 (RM)	FY2017 (RM)
Electricity	502,762	580,048
Water	73,545	76,495
Total	**576,307**	**656,543**

Group-wide conscious efforts are made to conserve usage of electricity and water wherever possible. From the simplest acts of switching off lights while out of office to fixing dripping taps. Last year, we manage to reduce our utility consumption by at a commendable 12% with a savings of about RM80,236.

Furutec Electrical in Penang has been most active over the years in their eco-friendly drive. For their past efforts, they have even received several "green" accreditations namely, Penang Green Office certificate and AquaSave certificate from the Penang authorities for their efforts.

They have implemented the following:

o A Recycling Centre
o Installed solar panels at their car-park
o Rainwater harvesting for their factory restrooms
o Skylights for their factory to reducing electricity consumption
o Improved roofing for more conducive work environment and saving electricity

The new Bukit Raja office and factory in Klang will also be implementing more energy conservation best practices such as solar panels at the car-park, rainwater harvesting, energy efficient lighting and skylights for factory.

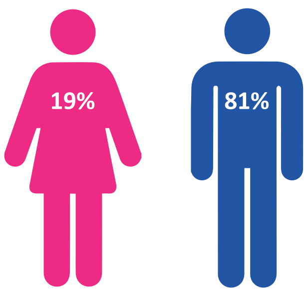
SUSTAINABILITY STATEMENT
cont'd

WORKPLACE SUSTAINABILITY

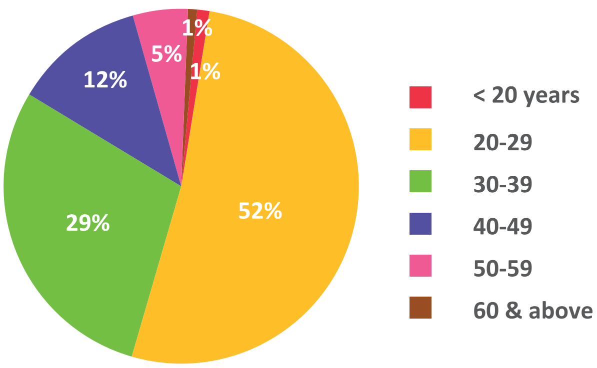
Behind any successful organizations are the dedicated employees. At EITA, we believe it is our employees' knowledge, experiences and diversified skill sets that will propel us to attain sustainable growth.

We endeavor to create a workplace regardless of their gender, background or position where they are able to thrive and to perform to the best of their abilities within EITA and the community at large. We aim to provide a conducive work environment that enables us to attract and retain top talents, and that also promotes mutual respect and encourages teamwork.

Our workforce profile is illustrated below:



WORKFORCE BY AGE



More than 80% of our staff are between the age of 20 and 39 years, this reflects a relatively youthful and energetic workforce which in integral in ensuring a potential pool of talents geared for continued business sustainability.

- **Fair Employment Practices**

At EITA, we adopt fair employment practices that respects human and labour rights. We comply with all applicable labour laws, rules and regulation in the countries we operate.

We adhere to the principles of equal opportunity, non-discrimination, anti-harassment, availability of grievance channel and strictly no child labour. Our performance appraisal process has been improved with an automated Performance Management System that links our employees' performance with predetermined Key Performance Indicators and Competencies to quantifiable outcomes, rewards and training needs.

Annually, we have EITA Policy Review meeting. Our Human Resources Policy is reviewed, especially compensation benefits benchmarked against other companies, with recommendations adopted to offer a competitive remuneration package for all staff. During the recent review, the following were proposed, agreed upon and adopted:

o Increased the claim amount for outpatient entitlement

o Lowered the number of years employed for health screening entitlement

Long Service	No. of employees
20 years	1
15 years	6
10 years	6
5 years	27
Total	**40**

At our EITA Annual Dinner, we had an appreciation ceremony to present Long Service Awards to deserving staff in recognition of their loyalty, dedication and contributions over the years. For FY2018, there were 40 Long Service Award recipients ranging from 5 years to 20 years.

SUSTAINABILITY STATEMENT
cont'd


Hands-on training


Creating a learning culture

- **Employee Development & Succession Planning**

Training	FY2018	FY2017
Training Expenditure (RM)	140,429	81,337
Number of training programmes	79	65
Training Hours	4,697.5	3,265.5

The Group envisions in creating a leaning culture within the organization. The Group Training Unit begins with training needs analysis, eventually develops a structured annual training calendar to address the learning and developmental needs for all level of staff.

The learning and development framework covers Safety & Health, Soft-Skills, Operations Efficiency, Management Development and Technical/IT.

Succession planning is important to ensure that EITA is able to maintain its business sustainability trajectory. It is an on-going exercise to identify talents from our various subsidiaries and departments who will then be groomed to be the future leaders of EITA.

For EITA Elevator, field technicians performing maintenance and repairs services are required to go through a Field Service training course. This syllabus consists of in-house technical training, tests and On-The-Job evaluations. Upon satisfactory performance only then can the technician progress from Trainee Service Technician (Level 1) to Service Technician (Level 2) and finally, to Senior Service Technician (Level 3).

- **Safety & Health**

Type of accidents	FY2018	FY2017
Workplace	5	9
Road	4	1
Public	1	0
Total	**10**	**10**

The Group recognizes the significance of maintaining high standards of occupational safety and health management practices to ensure that our employees, our customers, the public and the environment are accorded the appropriate level of protection from our business activities.

Employees' safety and well-being is one of our top agenda and we have adopted OHSAS 18001:2007 standard Health & Safety Management System. Annually, EITA organises OSHAS 18001:2007 Audit Awareness training and put in place appropriate preventive and corrective action plans to prevent incidents at our workplace, on the road and at public venues.


"Road Safety" Campaign


Public Safety Awareness Campaign


Fire Drill

SUSTAINABILITY STATEMENT
cont'd

Our continuous safety and health efforts include:

- o Personal Protective Equipment ("PPE") for field employees
- o Periodic motorcycle inspections
- o CIBD Safety training for all new staff
- o First-Aid and CPR training
- o Fire Drills with Fire Safety & Awareness training
- o In-house health screening organised for staff
- o In-house vaccination organised for staff

In August 2018, EITA Elevator organised a "Road Safety" Campaign with various authorities participating, namely, Jabatan Keselamatan Jalan Raya, Malaysian Institute of Road Safety Research and Pertubuhan Keselamatan Social.

We have a civic responsibility towards public safety. EITA Elevator has an on-going safety awareness "Ride Safely with EITA" campaign to educate the public on proper use of elevators and escalators.

- **Balanced lifestyle**

Fostering better working relationship. At EITA, we heartily endorse a balanced lifestyle of work, play and health living. Our EITA Sports Club is instrumental in organising a host of fun activities such as Quarterly Birthday Parties, Bowling, Badminton, Paintball, Annual Dinner, Annual Trip and many more.

Sweating it out

Bowling for everyone

The staff looks forward to these activities and participation is always good. Family members are also invited to join in, thus making it a family event and fostering closer relationship.

EITA Annual Trip

These activities help encourage greater camaraderie and teamwork among the staff. It also provides a good platform for EITA Sports Club committee members to learn and develop themselves, and such added responsibility is taken in consideration during their performance appraisal.

Promoting healthier lifestyle. In light of global warming caused by green-house gases such as methane from animal farming, EITA has been advocating a healthier lifestyle to its staff by eating less meat and consuming more vegetable. And at the same instant, protecting our environment.

Eat healthy

For EITA Annual Dinner 2017 and 2018, we served a full vegetarian course and likewise for other in-house events also. At Group level, EITA now sponsors a catered vegetarian "non-meat" lunch for its staff once a month. During these lunches, we also show videos and have talks on promoting healthier living, recycling, climate change, saving Mother Earth and other related topics.

SUSTAINABILITY STATEMENT
cont'd

Excellence Award for staff's kids

Saving lives

Excellence Award	Number of children
Academic	7
Sports	4
Creative	8
Total	**19**

Encouraging well-rounded excellence. We also extend this balanced lifestyle message to the children of our employee. Annually, we hold our EITA Excellence Award specifically for our staff's children who have not only excelled in their academic studies but who have also demonstrated excellence in Sports and Creative pursuits. These high achievers are rewarded with cash incentives to spur them to attain higher goals.

This award ceremony is always held in conjunction with our Quarterly Birthday event, thus creating a fun family atmosphere together with a sumptuous buffet served.

SOCIAL SUSTAINABILITY

At EITA, we are mindful of our corporate social responsibility role to build meaningful relationships with the communities.

"Community's welfare is everyone's welfare. We encourage our staff to serve and give back to the society." Mr. Fu exclaims.

- **Community Engagement**

Location	Number of donors FY2018	FY2017
EITA HQ, Subang Jaya	80	33
Furutec Electric, Penang	32	28

Saving lives. Donating blood is a very personal and impactful gesture. Annually, we have our Blood Donation Drive organised at EITA Headquarters in Subang. However, for this particular year, we took this social programme a step further by inviting a company next door. They gladly participated, thus increasing the donor pool significantly. It has always been our goal to have more donors to come forward and ultimately, our wish to save more lives. Furutec Electrical in Penang also organises their own annual Blood Donation Drive.

Supporting education. In support of education, the Group believes it is essential to nurture industry-ready graduates to give them a head-start in their career, and eventually be a positive contributor to society.

Internship (by Function)	Number of interns
Finance & Admin	1
Quality & Safety	2
Project Dept	1
Technical Dept (QC/Safety)	1
Finance & Accounts	2
Human Resources	1
Total	**8**

SUSTAINABILITY STATEMENT
cont'd

Every year EITA accepts internship for final year students from various local universities. We mentor a pool of graduates matched to industry needs in preparation for their eventual employment and in support of our construction and manufacturing sectors. We offer internships in various functional disciplines.

We have had repeated R&D collaborations with a local university in Penang for their post-graduate students. This is a win-win scenario where these students provide R&D assistance for us and at the same time, they are able to fulfil their project thesis and gain valuable and relevant practical industry experience.

Bringing joy to orphanage. EITA Sports Club organised another return visit to Rumah K.I.D.S. an orphanage in Klang which we have supported over the past years. Each visit becomes a reunion party and this helps in building a bond with the kids. We also invite our staff's family, especially their children to join us. To make it an enjoyable day, we always have a series of fun games to create greater meaningful interaction with the kids. All the kids get to win a prize and we end with a hosted lunch for everyone.


Ophanage visit

Prior to the visit, we would consult with the orphanage as to what does they actually need. Besides electrical appliances, food and household items, we also make a cash contribution.

Caring for the community. During the Penang flood disaster in November 2017, many homes were affected including our staff's houses. Furutec Electrical mobilised a group of staff to provide clean-up operation for these homes. They even extended their efforts to several schools.


Flood relief efforts

EITA cares

EITA Management has always advocated the volunteerism spirit among the staff in caring for the less fortunate. Started this year, once a month, several staff have been going to Taman Sinar Harapan, Kuala Kubu Bharu to help the inmates by trimming their hair, cutting their nails, changing bed linens, giving massages and entertaining them. It has been a fulfilling and touching experience for the staff. Similarly, in Penang, Furutec Electrical staff visited Pusat Penjagaan Ceria, an Old Folks Home.

Some of these social projects are in collaboration with NGO to provide larger pooled resources to better benefit the community. EITA also continues to give contributions in cash and kind to various charitable causes, especially in support of the underprivileged, education, places of worship and disaster reliefs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of EITA Resources Berhad ("EITA" or "the Company") is committed towards ensuring good corporate governance and practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance ("MCCG"), the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Corporate Governance Guide.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report ("CG Report"), based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 30 September 2018 ("FY 2018"). The CG Report is available on the Group's website, www.eita.com.my, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board of Directors

The Group is led and managed by effective and experienced Board comprising members with a wide range of experience and qualifications. The Board assumes, amongst others, the following responsibilities:-

- Overseeing and evaluating the conduct and sustainability of the businesses of the Group.
- Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments.
- Establishing key performance indicators and succession plan.
- Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties.
- Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.
- Overseeing the development and implementation of the shareholder communications policy for the Company.

1.2 Board Committees

The Board has delegated specific responsibilities to several committees, namely the Audit Committee, Nomination and Remuneration Committee. The Board Committees operate within their respective defined Terms of Reference approved and specific authorities delegated by the Board. The Chairman of the respective Committees will report to the Board the proceedings of each Committee meeting. The Board, however, retains full responsibility for the final decision on all matters.

The Nomination Committee and Remuneration Committee have been merged as a single committee and is known as the Nomination and Remuneration Committee ("NRC") with effect from 26 November 2018 which aimed to improve its efficiency and effectiveness in discharging its duties.

1.3 The Chairman

The Chairman of the Board, Dato' Siow Kim Lun is an Independent Non-Executive Chairman and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1.4 Chairman and Group Managing Director ("GMD")

There is a clear division of responsibility between the Chairman and the GMD in order to provide for balance of power and authority. The former is responsible for the orderly conduct and effectiveness of the Board in addition to facilitate constructive deliberation of matters in hand , whilst the latter is to leads the management of the Company and has overall responsibility for the operating units and the implementation of the Board's policies and decisions.

1.5 Qualified and Competent Company Secretary

The Company Secretary has the requisite credentials and is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. All Directors have access to advice and services of the Company Secretary. The Company Secretary, who is qualified, experienced and competent, is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, corporate governance best practices, procedures and regulation affecting the Company.

1.6 Access to information and advice

The Directors, whether as the entire Board or under their respective individual capacity, have full and unrestricted access to all information and documentations pertaining to the Group's business and affairs to enable them to discharge their duties effectively.

Notices and Board Papers of meetings are targeted to be circulated to the Board members at least five (5) working days prior to the scheduled Board Meetings to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting. For matters which require the Board's decision on urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

The Board is also regularly updated and advised on new regulations, guidelines or directives issued by Bursa Securities, Securities Commission Malaysia and any other relevant regulatory authorities.

The senior management and officers of the Group may be invited to attend the Board and Committees meetings to discuss pertinent issues arising from the Group's operations and the Board has unrestricted access to the management at any time.

The Board could direct any queries to fulfil its responsibilities and could retain, at the Company's expense (where appropriate), any legal, accounting or other services that it considers necessary to perform its duties.

2.1 Board Charter

As part of governance process, the Board has formalised and adopted a Board Charter. The Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter was reviewed and revised by the Board on 20 August 2018 and it is available at the Company's website at www.eita.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

3.1 Code of Conduct and Ethics

The Board has adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company. The Directors continue to observe the Code of Conduct and Ethics based on the code of conduct expected of directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

3.2 Whistle Blowing Policy

The Board has also adopted a Whistle Blowing Policy to provide avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.

The Whistle Blowing Policy is available at the Company's website at www.eita.com.my.

PART II - COMPOSITION OF THE BOARD

4.1 Composition and Board Balance

The composition of the Board has been restructured on 1 November 2018 to be in line with Practice 4.1 of the MCCG. Hence, the Board currently consists of eight (8) Directors and two (2) Alternate Directors. Half (1/2) of the Board comprises Independent Directors, as follows:

a) one (1) Independent Non-Executive Chairman;
b) one (1) Group Managing Director;
c) two (2) Executive Directors;
d) one (1) Non-Independent Non-Executive Director;
e) one (1) Senior Independent Non-Executive Director;
f) two (2) Independent Non-Executive Directors; and
g) two (2) Alternate Directors.

With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively.

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

4.2 Tenure of Independent Directors

Mr. Chong Lee Chang and Mr. Tan Chuan Hock have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years on 14 January 2019. Pursuant to Practice 4.2 of the MCCG, the Board will be seeking approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM") to support the Board's decision to retain them as Independent Non-Executive Directors based on the following justifications:-

(a) They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR and will thus be able to function as a check and balance and bring an element of objectivity to the Board.
(b) Their vast experience in the finance and corporate industries will enhance the Board's diverse set of experience, expertise and independent judgement.
(c) They have good knowledge of the Company's business operations.
(d) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making.
(e) They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

The Board believes that the Independent Directors' continued contribution, especially their invaluable knowledge of the Group and its operations gained through the years, will provide stability and benefits to the Board and the Company as a whole. Their caliber, qualification, experience and personal qualities, and more importantly, the Director's integrity and objectivity in discharging their responsibilities in the best interest of the Company, predominantly determines the ability of the Directors to serve effectively as Independent Directors.

4.3 Appointment of Board and Senior Management

The appointment of Board members is reviewed by the NRC and made via a formal and transparent process. The NRC shall consider and recommend suitable candidate for the Board, in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, experience, integrity, competence and time commitment.

In line with the MCCG and in view of the gained attention of boardroom diversity as an important element of a well-functioned organisation, the Board shall accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only to gender, but also age and ethnicity.

4.4 Gender Diversity

The Company has adopted a Gender Diversity Policy on 20 August 2018 which provides a framework for the Company to improve its gender diversity at Board level. The NRC regularly assesses the optimum size, required mix of skills, experience, independence and diversity required collectively for the Board to effectively fulfill its role. The Board currently has one (1) female Board member, Ms. Ho Lee Chen, who was appointed to the Board on 1 November 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

4.5 Nomination and Remuneration Committee ("NRC")

The Nomination Committee and Remuneration Committee have been merged as a single committee known as the Nomination and Remuneration Committee with effect from 26 November 2018 which aimed to improve its efficiency and effectiveness in discharging its duties. The composition of the NRC is as follows:-

Name	Designation
Chong Lee Chang, Chairman	Senior Independent Non-Executive Director
Dato' Siow Kim Lun, Member	Independent Non-Executive Chairman
Tan Chuan Hock, Member	Independent Non-Executive Director
Ho Lee Chen, Member *(appointed on 26 November 2018)*	Independent Non-Executive Director
Chia Mak Hooi, Member	Non-Independent Non-Executive Director

The NRC considers and recommends competent persons with integrity and a strong sense of professionalism to be appointed to the Board. In arriving at these recommendations, due consideration will be given to the required mix of skills, expertise and experience that the proposed Director(s) shall bring to complement the Board. The candidates must also be able to commit a sufficient amount of time to discharge their duties as a Board member.

The NRC has developed certain criteria used in the recruitment process and annual assessment of Directors, including Independent Directors.

During the FY 2018, the following activities were undertaken by the Nomination Committee:-

- Reviewed and assessed the Group Managing Director's, Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms for the financial year ended 30 September 2017.
- Assessed the independence of the Independent Directors.
- Reviewed and assessed the performance of the Audit Committee.
- Considered and recommended to the Board for consideration, the re-election of Mr. Chong Yoke Peng, Mr. Lee Peng Sian and Mr. Tan Chuan Hock as Directors who retired pursuant to Clause 103 of the Company's Constitution at the last AGM held on 23 February 2018.
- Considered and recommended to the Board for consideration, the re-election of Mr. Chia Seong Pow as Director who retired pursuant to Clause 109 of the Company's Constitution at the last AGM held on 23 February 2018.
- Reviewed the composition of the Remuneration Committee to be in line with the MCCG.

5.1 Annual Evaluation of the Board

In evaluating performance of Non-Executive Directors, certain criteria were established and adopted, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole.

In evaluating performance of Executive Directors, assessment was carried out against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders/investors' relations, employee training and development, succession planning and personal input to the role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

5.2 Board Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings to be convened as and when deemed necessary by the Board. All the Directors have attended more than 50% of the total Board Meetings held during the FY 2018 and complied with the requirement on attendance at Board meetings as stipulated in the MMLR of Bursa Securities.

A total of four (4) Board Meetings were held during the FY 2018. Attendance of each Board member is set out below:

Name of Directors	Attendance
Dato' Siow Kim Lun	4/4
Fu Wing Hoong	4/4
Lim Joo Swee	4/4
Lee Peng Sian	4/4
Chia Mak Hooi	4/4
Tan Chuan Hock	4/4
Chong Lee Chang	4/4
Ho Lee Chen *(appointed on 1 November 2018)*	Not applicable
Chong Yoke Peng *(Resigned and re-appointed as Alternate Director to Lee Peng Sian on 1 November 2018)*	4/4
Chia Seong Pow *(Resigned and re-appointed as Alternate Director to Chia Mak Hooi on 1 November 2018)*	4/4

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

5.3 Directors' Training

The Board acknowledges that continuous training is essential in keeping them abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively.

The training needs of Directors would be assessed and proposed by the individual Director. Each Director determines the areas of training that he may require for personal development as a Director or as a member of a Board Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II - COMPOSITION OF THE BOARD (CONT'D)

5.3 Directors' Training (Cont'd)

The Directors have attended the following training, seminars and conferences during the FY 2018:-

Name of Directors	Title of Seminars/Training attended
Dato' Siow Kim Lun	- World Capital Market Symposium - MIA Audit Committee Conference 2018 - Environmental Conference 2018: Igniting Action For Better Tomorrow - MCCG Compliance Expectations: Better Reporting Integrity, Transparency & Accountability - IFRS/MFRS 15 – Revenue From Contracts With Customers - General Data Protection Regulations - Sunway Leaders' Conference - Independent Directors Program: The Essence of Independence
Fu Wing Hoong	- Mid-Tier Companies Business Conference - EY Digital Analytics Breakfast Series – Smart Factory Event - EY World Entrepreneur of the Year 2018 - Sustainability Engagement Series for Director
Chong Yoke Peng	- Green Finance Forum: Funding Green Projects Through the Islamic Capital Market - CG Breakfast Series: Integrating An Innovation Mindset with Effective Governance - CG Breakfast Series for Directors – Leading Change @ the Brain - GST Transitional Issue Programme
Lee Peng Sian	- Leadership Energy Summit Asia (LESA) 2017 - Leading Change @ the Brain - New Entrepreneurial Framework: "Nail it, Scale it and Sail it" - MCCG Reporting (Malaysia Code on Corporate Governance) & CG Guide - ChangeXchange 2018 in conjunction with ELECRAMA 2018, India - Macao International Environmental Co-operation Forum & Exhibition 2018 (MIECF 2018), Macao - Export Acceleration Mission in conjunction with Hannover Messe 2018, Germany - GST Transitional Issue Programme
Tan Chuan Hock	- 2018 Budget Seminar - An Overview on the Malaysian Code on Corporate Governance 2017 - MIA Forum with Audit Sole-Practitioners - Financial Instruments Updates – An Analysis of MFRS9 (2014) Version - National Tax Conference 2018
Chia Mak Hooi	- 5th Layer Conference - 4th Breeder Conference
Chia Seong Pow	- 5th Layer Conference - CG Breakfast Series for Directors – Leading Change @ the Brain - The Path to Success of Enterprise

On 20 August 2018, all Directors of the Company have attended the briefing on Malaysian Financial Reporting Standards (MFRS) development by KPMG PLT, the External Auditors of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART III - REMUNERATION

6.1 Remuneration Policy

The Board has established a formal and transparent Remuneration Policy which sets out the remuneration principles and guidelines for the Board and the NRC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available at the Company's website at www.eita.com.my.

6.2 NRC

The NRC is also responsible for assessing and reviewing the remuneration packages of the Executive Directors including their fees and subsequently furnishing their recommendations to the Board on specific adjustments in remuneration to commensurate the respective contributions of the Executive Directors.

The annual Directors' fees payable to the Non-Executive Directors are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in decisions regarding their own remuneration packages.

The Terms of Reference of the NRC is available at the Company's website at www.eita.com.my.

7.1 Remuneration of Directors

The remuneration of the Directors of the Company and the Group for the FY 2018 are as follows:

(A) The Company

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Others RM'000	Total RM'000
Dato' Siow Kim Lun	61.2	-	-	1.2	-	-	62.4
Fu Wing Hoong	-	777.2	35.2	-	107.2	323.3	1,242.9
Lim Joo Swee	-	563.9	31.2	-	38.9	292.8	926.8
Chong Yoke Peng	-	-	-	-	-	-	-
Lee Peng Sian	-	-	-	-	-	-	-
Chia Mak Hooi	47.4	-	-	-	-	-	47.4
Tan Chuan Hock	54.3	-	-	1.2	-	-	55.5
Chong Lee Chang	54.3	-	-	1.2	-	-	55.5
Chia Seong Pow	47.4	-	-	-	-	-	47.4
TOTAL	**264.6**	**1,341.1**	**66.4**	**3.6**	**146.1**	**616.1**	**2,437.9**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART III - REMUNERATION (CONT'D)

7.1 Remuneration of Directors (Cont'd)

(B) The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Others RM'000	Total RM'000
Dato' Siow Kim Lun	61.2	-	-	1.2	-	-	62.4
Fu Wing Hoong	45.7	777.2	35.2	-	107.2	571.0	1,536.3
Lim Joo Swee	42.7	563.9	31.2	-	38.9	500.6	1,177.3
Chong Yoke Peng	9.0	436.6	15.0	-	60.2	295.2	816.0
Lee Peng Sian	21.0	437.0	24.6	-	29.6	228.9	741.1
Chia Mak Hooi	65.4	-	-	-	-	-	65.4
Tan Chuan Hock	54.3	-	-	1.2	-	-	55.5
Chong Lee Chang	54.3	-	-	1.2	-	-	55.5
Chia Seong Pow	71.4	-	-	-	-	-	71.4
TOTAL	**425.0**	**2,214.7**	**106.0**	**3.6**	**235.9**	**1,595.7**	**4,580.9**

7.2 Remuneration of Senior Management

The remuneration of the Senior Management of the Group for the FY 2018 are as follows:

Range of Remuneration	No. of Senior Management
Below RM50,000	-
RM200,001 to RM250,000	2
RM250,001 to RM300,000	1
RM300,001 to RM350,000	2
RM350,001 to RM400,000	1

Due to confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 is adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE ("AC")

8.1 Effective and Independent AC

The objectives of the AC are, amongst others, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls. The AC is also tasked with reinforcing the independence of the Company's external auditors, thereby ensuring that the auditors have free reign in the audit process.

The composition of the AC and the works carried out during the FY 2018 are set forth in the Audit Committee Report in this Annual Report.

The term of office and performance of the AC and its members should be reviewed by the NRC annually to determine whether such AC and its members have carried out their duties in accordance with the Terms of Reference.

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence from the Management.

The Board has established the External Auditors Assessment Policy together with Annual Performance Evaluation Form. The said Policy aims to outline the guidelines and procedures for AC to review, assess and monitor the performance, suitability and independence of the External Auditors.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Risk Management and Internal Control

The Board acknowledges its overall responsibilities for maintaining a sound system of internal controls.

Management is responsible for implementing the process for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed and providing assurance to the Board that the processes have been carried out. The AC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems.

10.1 Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional firm. The findings of the outsourced Internal Auditors are reported directly to the AC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

Information on the Group's Risk Management and Internal Control is presented in the Statement on Risk Management and Internal Control set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I - COMMUNICATION WITH STAKEHOLDERS

11.1 Continuous Communication with Stakeholders

The Group values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly financial results, announcements, analyst briefings, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and developments. EITA's corporate website at www.eita.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, policies and the Company's Annual Report may be accessed.

11.2 Corporate Disclosure Policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Company has adopted a formal Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

PART II - CONDUCT OF GENERAL MEETING

12.1 Annual General Meeting ("AGM")

The AGM remains as a principal forum for communication with its shareholders. During the AGM, shareholders are accorded time and opportunities to query the Board on the resolutions being proposed and also matters relating to the performance, developments and directions of the Group. Shareholders are also invited to convey and share their inputs with the Board.

Members of the Board and key management of the Company as well as external auditors of the Company are available to respond to shareholders' questions during the meetings. The Board also encourages other channel of communication with shareholders.

All resolutions set out in the Notice of the Twenty-Second AGM ("22nd AGM") of the Company held on 23 February 2018 were put to vote by way of poll and the votes casted were validated by an independent scrutineer appointed by the Company.

The Twenty-Third AGM ("23rd AGM") of the Company is scheduled to be held on 27 February 2019 and the Notice was sent to the shareholders on 29 January 2019, which is not less than 28 days prior to the 23rd AGM.

12.2 Directors' Attendance at General Meetings

All the Directors were present at the 22nd AGM held on 23 February 2018 and responded to queries raised by the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the MMLR of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FY 2018.

AUDIT COMMITTEE REPORT

OBJECTIVE OF THE AUDIT COMMITTEE

The primary objective of the Audit Committee is to provide additional assurance to the Board of Directors ("the Board") by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls. The Audit Committee is also tasked with reinforcing the independence of the Company's external auditors, thereby ensuring that the auditors have free reign in the audit process.

COMPOSITION AND MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members, all being Non-Executive Directors with a majority of them being Independent Directors:-

Name	Designation
Tan Chuan Hock, Chairman	Independent Non-Executive Director
Dato' Siow Kim Lun, Member	Independent Non-Executive Chairman
Chong Lee Chang, Member	Senior Independent Non-Executive Director
Chia Mak Hooi, Member	Non-Independent Non-Executive Director
Ho Lee Chen, Member *(appointed on 26 November 2018)*	Independent Non-Executive Director

During the financial year under review, the Audit Committee convened four (4) meetings and attendance of each of the Audit Committee members to the meetings is set out as follows:-

Audit Committee Members	Attendance
Tan Chuan Hock, Chairman	4/4
Dato' Siow Kim Lun, Member	4/4
Chong Lee Chang, Member	4/4
Chia Mak Hooi, Member	4/4
Ho Lee Chen, Member *(appointed on 26 November 2018)*	Not applicable

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities which the Audit Committee members fulfil the requirement as prescribed. The Audit Committee has effectively discharged its duties pursuant to the Terms of Reference of the Audit Committee.

The authorities and duties of the Audit Committee are clearly governed by the Terms of Reference of the Audit Committee. The Terms of Reference of the Audit Committee can be accessed from the corporate website of the Company at www.eita.com.my.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF WORKS DURING THE FINANCIAL YEAR UNDER REVIEW

Amongst others, the Audit Committee had carried out the following works during the financial year ended 30 September 2018 in discharging their duties and responsibilities:-

i. In overseeing the Company's financial reporting, reviewed the four (4) quarterly financial results and annual audited financial statements of the Company including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities.

ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 September 2018 before the audit commenced to ensure that the scope of the external audit is comprehensive.

iii. Considered and recommended the re-appointment of KPMG PLT as the External Auditors and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit.

iv. Reviewed with the Internal Auditors, the internal audit plan, work done and reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.

v. Reviewed the related party transactions and/or recurrent related party transactions that transpired during the financial year under review to ensure that the transactions entered into were at arm's length basis.

vi. Reviewed the Report on Registry of Risk and Risk Matrix of the Company and its subsidiaries.

vii. Reviewed the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report.

viii. Self-appraised the performance of the Audit Committee for the financial year ended 30 September 2017 and submitted the evaluation form to the Nomination Committee for assessment.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional consulting company, which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the Audit Committee to provide objective evaluation of risks and controls in the auditable activities to ensure a sound system of internal controls.

The Internal Auditors shall present its risk-based Internal Audit Plan for the Audit Committee's review and approval annually. Scheduled audits are carried out on various departments and/or subsidiaries of Group in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

In an effort to provide value added services, the Internal Auditors also play an active role in an advisory capacity especially on potential improvement on the existing controls. On an ad-hoc basis, the Internal Auditors may be requested by the Audit Committee to perform special reviews on any particular area, functions and activities of any business units within the Group whenever the Audit Committee deems necessary.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

Reports on these audits shall be presented to the Audit Committee highlighting observations, recommendations, corrective actions and deadlines for the management team to implement the agreed corrective actions. A follow-up status review is conducted and subsequently reported to the Audit Committee.

The summary of the works of the internal audit function is disclosed in the Statement on Risk Management and Internal Control.

The fee incurred during the financial year ended 30 September 2018 in relation to the internal audit function was RM47,200.

For the financial year ended 30 September 2018, the Committee noted that the internal audit function is independent and Internal Auditors have performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of EITA Resources Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 September 2018 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance ("MCCG") and "*Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve the corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, implement the risk management and internal control practices within the Group. Management is required to apply good judgement in assessing the risks faced by the Group, assessing the Group's ability to reduce the incidence and impact of risks.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and has put in place the Risk Management Framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risk affecting the achievement of its business objectives.

The risk identification process involves reviewing and identifying the possible risk exposure arising from changes in both external business environment and internal operating conditions. The risk measurement guidelines consist of financial and non-financial qualitative measures of risk consequences based on the risk likelihood rating and risk impact rating. The risk control actions are prioritised and implemented as per the risk control actions assigned to the respective risk owners.

Risk Profile consists of principal business risks which are identified and documented in the Registry of Risks. The Registry of Risks identified the risk factors, statement of risk, risk owner, impact, likelihood and risk control actions. The Risk Management Committee is represented by an Executive Committee which consists of Group Managing Director, two (2) Executive Directors and one (1) Alternate Director. The Registry of Risks which comprises of corporate level and subsidiaries is tabled to the Audit Committee for review and approval every quarter. The Audit Committee reports to the Board on any significant changes in the business and external environment which may affect key risks.

The Board is of the view that there is an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year and up to the date of approval of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

INTERNAL AUDIT FUNCTION

The internal audit function has been outsourced to external service providers ("Internal Auditors") to provide independent assurance and serves to assists the Group to provide adequate and effective internal control system and reports directly to the Audit Committee on quarterly basis. The Internal Auditors is free from any relationships or conflict of interest, which could impair their objectivity and independence of the internal audit function and do not have any direct operational responsibility or authority over any of the audited activities. The Audit Committee is in the opinion that the internal audit function is effective and able to function independently.

The Internal Auditors use the COSO (Committee of Sponsoring Organizations) model as a basis in conducting internal audit functions. Based on their internal audit reviews, observations were presented by the Internal Auditors, together with Management's response and proposed action plans, to the Audit Committee for review during the quarterly Audit Committee Meetings. In addition, the Internal Auditors have followed up on the implementation of recommendations from previous internal audit reports and updated the Audit Committee on the status of Management-agreed action plan. For the financial year ended 30 September 2018, the total costs incurred for the outsourced internal audit function was RM47,200.

For the financial year ended 30 September 2018, the following subsidiaries of the Group were audited by the Internal Auditors:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (Oct 2017 – Dec 2017)	Feb 2018	EITA Resources Berhad	• Group Management Information Services
2nd Quarter (Jan 2018 – Mar 2018)	May 2018	EITA Electric Sdn. Bhd.	• Sales and Marketing • Sales Collection • Procurement and Supplies Quality Assurance • Inventory Management
3rd Quarter (Apr 2018 – Jun 2018)	Aug 2018	EITA Power System Sdn. Bhd.	• Sales and Marketing • Inventory Management
4th Quarter (Jul 2018 – Sep 2018)	Nov 2018	TransSystem Continental Sdn. Bhd.	• Sales and Marketing • Order Processing, Delivery, Billing and Collection

During the financial year under review, the Internal Auditors have presented their follow-up status reports on previously reported audit findings in respect of the following subsidiaries of the Group:-

Name of Entities audited by the Internal Auditors	Date of Follow up Status Report
EITA-Schneider (MFG) Sdn. Bhd.	23 February 2018
EITA Resources Berhad	23 February 2018
Furutec Electrical Sdn. Bhd.	23 February 2018
EITA Resources Berhad	28 May 2018
EITA-Schneider (MFG) Sdn. Bhd.	28 May 2018
EITA Electric Sdn. Bhd.	20 August 2018
EITA Resources Berhad	20 August 2018
EITA Power System Sdn. Bhd.	23 November 2018
EITA Electric Sdn. Bhd.	23 November 2018

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the financial year ended 30 September 2018, and up to 15 January 2019, being the date of this Statement:-

- **Organisational Structure**
  The Group has a defined organisational structure that is aligned to its business and operation requirements. Defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.

- **Limits of Authority**
  Authority charts have been established within the Group to provide a functional framework of authority in approving sales order, purchases, expenses and capital expenditure.

- **Standard Operating Policies and Procedures ("SOP")**
  Numerous SOPs have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed as and when necessary to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.

- **Board and Management Meetings**
  Regular Board and Management meetings are held where information is provided to the Board and Management covering financial performances and operations.

- **Training and Development Programmes**
  Training and development programmes are established to ensure that staff are constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

- **Management Accounts and Reports**
  The Group's performance is monitored through regular reviews on management accounts and reports prepared and reported to Audit Committee.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the financial year ended 30 September 2018, and up to 15 January 2019, being the date of this Statement.

CONCLUSION

For the financial year under review and up to 15 January 2019, being the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 30 September 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the following additional information is provided:-

During the financial year ended 30 September 2018 ("FY 2018"),

(i) AUDIT AND NON-AUDIT FEE

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group are as follows:-

	Company RM	Group RM
Audit Fee	32,000	173,700
Non - Audit Fee	18,000	18,000

(ii) STATUS OF UTILISTATION OF PROCEEDS

Status of utilisation of proceeds from the Initial Public Offerings as detailed below:-

Description of Utilisation	Time frame for Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Re-allocation RM'000
(a) Expansion and improvements of manufacturing and business facilities	Within 72 months	8,851	(7,025)	1,826	-
(b) Expansion in R&D	Within 72 months	3,750	(3,750)	-	-
(c) Working capital	Within 12 months	2,079	(2,127)	-	48
(d) Estimated listing expenses	Immediate	2,800	(2,752)	-	(48)
Total Public Issue Proceeds		**17,480**	**(15,654)**	**1,826**	**-**

(iii) MATERIAL CONTRACT INVOLVING INTERESTS OF DIRECTOR AND/OR MAJOR SHAREHOLDER

No material contract entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interests;

(iii) RECURRENT RELATED PARTY TRANSACTION

Significant recurrent related party transactions of revenue or trading nature entered into by the Group are disclosed in Note 33 of the Notes to the Financial Statements for the FY 2018 on page 136 of this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy, at any time, the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.

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DIRECTORS'REPORT
For the year ended 30 September 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding, provision of management services and procurement of contracts including assisting in procurement of contracts whilst the principal activities of the subsidiaries are as stated in Note 6 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 6 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year attributable to:		
Owners of the Company	20,085	6,639
Non-controlling interest	400	-
	20,485	6,639

RESERVES AND PROVISIONS

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

DIVIDENDS

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

(i) a final single-tier dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2017 on 28 March 2018.
(ii) an interim and special dividends of 2.00 sen per ordinary share respectively totalling RM5,199,840 in respect of the financial year ended 30 September 2018 on 28 September 2018.

Subsequent to the year end, the Directors recommended a final single-tier dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2018, which is subject to approval by the shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements.

DIRECTORS'REPORT
For the year ended 30 September 2018
cont'd

DIRECTORS OF THE COMPANY

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

Dato' Siow Kim Lun @ Siow Kim Lin
Fu Wing Hoong
Lim Joo Swee
Lee Peng Sian
Chia Mak Hooi
Tan Chuan Hock
Chong Lee Chang
Ho Lee Chen (appointed on 1 November 2018)
Chong Yoke Peng (resigned and appointed as an alternate director to Lee Peng Sian on 1 November 2018)
Chia Seong Pow (resigned and appointed as an alternate director to Chia Mak Hooi on 1 November 2018)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses 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 1.10.2017	**Bought**	**Sold**	**At 30.9.2018**
Name of Directors				
Fu Wing Hoong				
Direct interest in the Company:				
- own	627,541	95,000	-	722,541
Indirect interest in the Company^				
- others	24,862,496	-	-	24,862,496
Lim Joo Swee				
Direct interest in the Company:				
- own	1,555,341	20,000	-	1,575,341
Indirect interest in the Company#				
- others	18,511,853	-	-	18,511,853
Chong Yoke Peng				
Direct interest in the Company:				
- own	4,359,236	-	-	4,359,236
Indirect interest in the Company$^{\beta}$				
- others	100,000	30,000	-	130,000

DIRECTORS'REPORT
For the year ended 30 September 2018
cont'd

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares			
	At 1.10.2017	Bought	Sold	At 30.9.2018
Name of Directors				
Lee Peng Sian				
Direct interest in the Company:				
- own	6,343,008	-	-	6,343,008
Indirect interest in the Company[Ω]				
- others	-	5,000	-	5,000
Dato' Siow Kim Lun @ Siow Kim Lin				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Chia Mak Hooi				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Chong Lee Chang				
Direct interest in the Company:				
- own	200,000	180,000	-	380,000
Tan Chuan Hock				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Chia Seong Pow				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Indirect interest in the Company[*]				
- others	29,873,259	-	-	29,873,259

^ *Deemed interested by virtue of the shares held by his spouse, Lee Pek See and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").*

Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.

β *Deemed interested by virtue of the shares held by his spouse, Jane Chew Yin Sum.*

Ω *Deemed interested by virtue of the shares held by his spouse, Looi Lin Poh.*

* *Deemed interested by virtue of his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.*

By virtue of his interests in the shares of the Company, Chia Seong Pow is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

DIRECTORS'REPORT
For the year ended 30 September 2018
cont'd

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 and related corporations or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 33 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 acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

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

During the financial year, no indemnity and insurance costs were incurred for the Directors, officers or auditors of the Company.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

DIRECTORS'REPORT
For the year ended 30 September 2018
cont'd

OTHER STATUTORY INFORMATION (CONT'D)

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 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.

AUDITORS

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

The auditors' remuneration is disclosed in Note 22 to the financial statements.

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

Fu Wing Hoong
Director

Lim Joo Swee
Director

Petaling Jaya

Date: 15 January 2019

STATEMENTS OF FINANCIAL POSITION
As at 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Property, plant and equipment	3	25,522	23,702	1,310	1,370
Intangible assets	4	2,037	2,677	-	-
Investment properties	5	3,929	3,718	-	-
Investments in subsidiaries	6	-	-	25,855	26,219
Investment in joint venture	7	1,003	702	-	-
Other investments		10	10	-	-
Deferred tax assets	8	4,899	3,801	109	-
Total non-current assets		37,400	34,610	27,274	27,589
Inventories	9	41,233	43,936	-	-
Current tax assets		829	1,956	-	-
Trade and other receivables	10	101,245	103,224	40,056	45,924
Deposits and prepayments	11	3,999	2,624	453	490
Derivative financial assets	12	97	3	-	-
Cash and cash equivalents	13	55,424	45,087	17,744	13,965
Total current assets		202,827	196,830	58,253	60,379
Total assets		240,227	231,440	85,527	87,968
Equity					
Share capital	14	69,302	69,302	69,302	69,302
Reserves	15	97,037	87,690	13,868	16,329
Total equity attributable to owners of the Company		166,339	156,992	83,170	85,631
Non-controlling interest	16	1,693	1,332	-	-
Total equity		168,032	158,324	83,170	85,631

STATEMENTS OF FINANCIAL POSITION
As at 30 September 2018
cont'd

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Liabilities					
Loans and borrowings	17	6,584	7,287	378	326
Deferred tax liabilities	8	182	338	-	107
Total non-current liabilities		6,766	7,625	378	433
Loans and borrowings	17	8,438	9,993	151	166
Deferred income	18	1,358	7,326	-	-
Provision for warranties	19	899	1,006	-	-
Current tax payable		939	759	54	193
Trade and other payables	20	51,494	46,114	1,774	1,545
Derivative financial liabilities	12	2,301	293	-	-
Total current liabilities		65,429	65,491	1,979	1,904
Total liabilities		72,195	73,116	2,357	2,337
Total equity and liabilities		240,227	231,440	85,527	87,968

The notes on pages 77 to 137 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	21	263,376	270,680	11,809	18,635
Contract costs recognised as an expense		(76,434)	(84,615)	-	-
Cost of sales		(107,015)	(112,081)	-	-
Gross profit		79,927	73,984	11,809	18,635
Other operating income		5,049	5,437	481	135
Distribution expenses		(7,272)	(7,739)	(222)	(226)
Administrative expenses		(43,716)	(38,776)	(6,563)	(5,976)
Other operating expenses		(6,808)	(5,142)	(178)	(1,103)
Results from operating activities	22	27,180	27,764	5,327	11,465
Finance costs	23	(1,093)	(1,705)	(54)	(56)
Finance income		363	207	1,951	2,211
Net finance (costs)/income		(730)	(1,498)	1,897	2,155
Share of profit of equity-accounted joint venture, net of tax		301	425	-	-
Profit before tax		26,751	26,691	7,224	13,620
Tax expense	24	(6,266)	(6,921)	(585)	(930)
Profit for the year		20,485	19,770	6,639	12,690
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(257)	216	-	-
Cash flow hedge		(1,407)	-	-	-
Other comprehensive (expense)/income for the year		(1,664)	216	-	-
Total comprehensive income for the year		18,821	19,986	6,639	12,690

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2018

cont'd

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		20,085	19,921	6,639	12,690
Non-controlling interest		400	(151)	-	-
Profit for the year		20,485	19,770	6,639	12,690
Total comprehensive income attributable to:					
Owners of the Company		18,447	20,114	6,639	12,690
Non-controlling interest		374	(128)	-	-
Total comprehensive income for the year		18,821	19,986	6,639	12,690
Basic earnings per ordinary share (sen):	25	15.45	15.32		

The notes on pages 77 to 137 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2018

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Translation reserve RM'000	Hedging reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2016		65,000	4,302	(5)	961	-	71,820	142,078	1,460	143,538
Foreign currency translation differences for foreign operations		-	-	-	193	-	-	193	23	216
Total other comprehensive income for the year		-	-	-	193	-	-	193	23	216
Profit for the year		-	-	-	-	-	19,921	19,921	(151)	19,770
Total comprehensive income for the year		-	-	-	193	-	19,921	20,114	(128)	19,986
Distributions to owners of the Company										
- Dividends to owners of the Company	26	-	-	-	-	-	(5,200)	(5,200)	-	(5,200)
Transfer in accordance with Section 618(2) of the Companies Act 2016		4,302	(4,302)	-	-	-	-	-	-	-
At 30 September 2017/ 1 October 2017		69,302	-	(5)	1,154	-	86,541	156,992	1,332	158,324
Foreign currency translation differences for foreign operations		-	-	-	(231)	-	-	(231)	(26)	(257)
Cash flow hedge		-	-	-	-	(1,407)	-	(1,407)	-	(1,407)
Total other comprehensive income for the year		-	-	-	(231)	(1,407)	-	(1,638)	(26)	(1,664)
Profit for the year		-	-	-	-	-	20,085	20,085	400	20,485
Total comprehensive income for the year		-	-	-	(231)	(1,407)	20,085	18,447	374	18,821
Distributions to owners of the Company										
- Dividends to owners of the Company	26	-	-	-	-	-	(9,100)	(9,100)	-	(9,100)
- Dividends to non-controlling interest		-	-	-	-	-	-	-	(13)	(13)
At 30 September 2018		69,302	-	(5)	923	(1,407)	97,526	166,339	1,693	168,032
		Note 14		Note 15.1	Note 15.2	Note 15.3			Note 16	

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2018

		← *Non-distributable*		→	Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 October 2016		65,000	4,302	(5)	8,844	78,141
Total comprehensive income for the year		-	-	-	12,690	12,690
Distributions to owners of the Company						
- Dividends to owners of the Company	26	-	-	-	(5,200)	(5,200)
Transfer in accordance with Section 618(2) of the Companies Act 2016		4,302	(4,302)	-	-	-
At 30 September 2017/ 1 October 2017		69,302	-	(5)	16,334	85,631
Total comprehensive income for the year		-	-	-	6,639	6,639
Distributions to owners of the Company						
- Dividends to owners of the Company	26	-	-	-	(9,100)	(9,100)
At 30 September 2018		69,302	-	(5)	13,873	83,170
		Note 14		Note 15.1		

The notes on pages 77 to 137 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 30 September 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Profit before tax		26,751	26,691	7,224	13,620
Adjustments for:					
Amortisation of development costs		159	259	-	-
Amortisation of investment properties		27	27	-	-
Allowance for/(reversal of) foreseeable losses		233	(58)	-	-
Bad debts (recovered)/written off		-	(47)	10	-
Depreciation of property, plant and equipment		1,837	1,885	434	488
Fair value loss/(gain) on forward exchange contracts, net		642	(596)	-	-
Finance costs		1,093	1,705	54	56
Finance income		(363)	(207)	(1,951)	(2,211)
Gain on disposal of property, plant and equipment		(29)	(24)	-	-
Impairment loss:					
- goodwill		481	-	-	-
- other receivables		150	96	-	-
- amount due from subsidiaries		-	-	49	1,097
Investment in a subsidiary written off		-	-	104	-
Inventories written off		114	238	-	-
Inventories written down to net realisable value		1,488	1,960	-	-
Provision for liquidated and ascertained damages		976	-	-	-
Property, plant and equipment written off		3	-	-	-
Provision for warranties		424	40	-	-
Reversal of impairment loss on trade receivables		(310)	-	-	-
Share of profit of equity-accounted joint venture, net of tax		(301)	(425)	-	-
Unrealised foreign exchange gain		(60)	(162)	-	-
Operating profit before changes in working capital		33,315	31,382	5,924	13,050
Inventories		1,070	5,054	-	-
Trade and other receivables, deposits and prepayments		(551)	23,686	5,846	4,397
Trade and other payables and deferred income		(567)	(10,549)	229	(356)
Warranties paid		(531)	(310)	-	-
Cash generated from operations		32,736	49,263	11,999	17,091
Net income tax paid		(6,213)	(7,652)	(940)	(866)
Interest paid		(92)	(103)	(34)	(28)
Interest received		363	207	1,951	2,211
Net cash generated from operating activities		26,794	41,715	12,976	18,408

STATEMENTS OF CASH FLOWS
For the year ended 30 September 2018
cont'd

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from investing activities					
Acquisition of investment property		(238)	(56)	-	-
Acquisition of property, plant and equipment	*(i)*	(3,174)	(959)	(167)	(121)
Distribution from a subsidiary		-	-	260	-
Proceeds from disposal of property, plant and equipment		38	46	-	-
Decrease/(increase) in pledged deposits		500	(500)	-	-
Net cash (used in)/generated from investing activities		(2,874)	(1,469)	93	(121)
Cash flows from financing activities					
Dividend paid to owners of the Company		(9,100)	(5,200)	(9,100)	(5,200)
Dividend paid to non-controlling interest		(13)	-	-	-
Interest paid		(1,001)	(1,602)	(20)	(28)
Repayment of other borrowings		-	(4,000)	-	(4,000)
Repayment of bills payable		(862)	(18,527)	-	-
Repayment of finance lease liabilities, net		(360)	(375)	(170)	(182)
Repayment of term loans, net		(779)	(942)	-	-
Net cash used in financing activities		(12,115)	(30,646)	(9,290)	(9,410)
Net increase in cash and cash equivalents		11,805	9,600	3,779	8,877
Foreign exchange differences on cash held		(214)	151	-	-
Cash and cash equivalents at beginning of the year	*(ii)*	43,543	33,792	13,965	5,088
Cash and cash equivalents at end of the year	*(ii)*	55,134	43,543	17,744	13,965

STATEMENTS OF CASH FLOWS
For the year ended 30 September 2018
cont'd

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with respective aggregate cost of RM3,673,000 (2017: RM959,000) and RM374,000 (2017: RM121,000) of which RM499,000 (2017: NIL) and RM207,000 (2017: NIL) was acquired by means of finance lease, respectively.

(ii) Cash and cash equivalents

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

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits	13	2,000	3,000	-	-
Less: Pledged deposits	13	-	(500)	-	-
		2,000	2,500	-	-
Cash and bank balances	13	30,226	29,666	1,167	2,530
Liquid investments	13	23,198	12,421	16,577	11,435
Bank overdrafts	17	(290)	(1,044)	-	-
		55,134	43,543	17,744	13,965

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business
Lot 4, Block A
Jalan SS 13/7
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan

Registered office
Third Floor, No.77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2018 comprise the Company, its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in a joint venture. The financial statements of the Company as at and for the financial year ended 30 September 2018 do not include other entities.

The principal activities of the Company consist of investment holding, provision of management services and procurement of contracts including assisting in procurement of contracts whilst the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 January 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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 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 2020

- Amendments to MFRS 2, *Share-based Payment #*
- Amendment to MFRS 3, *Business Combination*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources #*
- Amendment to MFRS 14, *Regulatory Deferral Accounts #*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendment to IC Interpretation 12, *Service Concession Arrangements #*
- Amendment to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine #*
- Amendment to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to IC Interpretation 132, *Intangible Assets – Web Site Costs #*

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 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*

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

- from the annual period beginning on 1 October 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018, except for those marked "#" which are not applicable to the Group and the Company;

- from the annual period beginning on 1 October 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019; and

- from the annual period beginning on 1 October 2020 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020, except for those marked "#" which are not applicable to the Group and the Company.

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 of the Company except as mentioned below:

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

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

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Currently, the contracts with customers of certain subsidiaries contain multiple performance obligations in the context of MFRS 15. Based on preliminary assessment, the timing of revenue recognition for certain performance obligations would change upon adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

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

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) MFRS 9, *Financial Instruments* (Cont'd)

The Group and the Company anticipate that the impairment allowance on receivables may increase upon adoption of MFRS 9. The anticipation is based on the assessment undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information be made available to the Group and the Company in the future.

(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.

(b) Basis of measurement

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

(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 and has been rounded to the nearest thousand, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (Cont'd)

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 the following notes:

- Note 4 - impairment of intangible assets

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Details of the impairment assessment are provided in Note 4.

- Note 8 - recognition of deferred tax assets

  Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

- Note 9 - allowance for slow-moving inventories and write down of inventories to net realisable value

  Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

- Note 10 - impairment of receivables

  Impairment is made for receivables that the management considers the recoverability to be doubtful. On a regular basis, the management reviews the receivables' ageing report and repayment history for any objective evidence of impairment.

- Note 21 - construction contracts revenue and profit

  The Group recognises contract revenue and profits based on percentage of completion method. The percentage of completion of a construction contract is determined by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs. Judgement is required in estimation of estimated total costs. Where actual costs incurred differs from the estimated total costs, such difference will impact the contract revenue and profits recognised.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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 the 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.

Investment 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.

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using equity method. Investments in joint venture 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.

(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 joint ventures 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currencies

(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.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(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. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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 cumulative amount is reattributed to non-controlling interests.

(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 or minus, 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

- ***Financial assets at fair value through profit or loss***

  Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

  Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

  Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

- ***Loans and receivables***

  Loans and receivables category comprises trade and other receivables, refundable deposits and cash and cash equivalents.

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

- ***Available-for-sale financial assets***

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

  Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sale of financial assets

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

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

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

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

(v) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(vi) 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and construction work-in-progress are measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. 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" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	44 years
Leasehold building	44 years
Renovation, electrical installation and furniture and fittings	10 years
Office equipment	10 years
Computer equipment	5 years
Motor vehicles	5 years
Plant and machinery	10 years

Depreciation methods and useful lives are reviewed at the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (Cont'd)

(ii) Operating lease

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

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

(f) Intangible assets

(i) Goodwill

Goodwill arises on a business combination is measured at cost less any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) 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 is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (Cont'd)

(iv) Amortisation (Cont'd)

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.

The estimated useful lives for the current and comparative periods for capitalised development costs are 5 years.

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

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated amortisation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Amortisation is charged to profit or loss on a straight-line basis over the remaining leasehold period for leasehold building and 50 years for freehold building.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories (Cont'd)

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.

(i) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

(j) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2(c).

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and joint ventures) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

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

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

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

(ii) Other assets

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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 amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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

(l) 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 issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefits (Cont'd)

(i) Short-term employee benefits (Cont'd)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company 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 and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group or the Company has no further payment obligations.

(n) 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.

Provision for warranties

A provision for warranties is recognised when the underlying products are sold or where a construction contract is completed. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discount 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) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentives payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue and other income (Cont'd)

(ii) Construction contracts (Cont'd)

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Maintenance services rendered

Revenue from maintenance services rendered is recognised in profit or loss as they accrue.

(iv) Management fee

Management fee income is recognised in profit or loss as they accrue.

(v) 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.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(vii) Rental income

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

(p) Borrowing costs

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax

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

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

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

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

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

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

(r) 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.

(s) Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Contingencies

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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(u) Fair value measurements

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

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the assets 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Leasehold building RM'000	Renovation, electrical installation and furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Construction work-in-progress RM'000	Total RM'000
Cost										
At 1 October 2016	5,579	5,696	7,550	3,601	1,416	3,256	3,274	5,992	239	36,603
Additions	-	-	-	421	130	202	-	165	41	959
Disposals	-	-	-	-	(19)	-	-	(50)	-	(69)
Written off	-	-	-	-	(7)	(46)	-	(8)	-	(61)
Foreign exchange adjustment	-	-	-	2	1	2	7	2	-	14
At 30 September 2017/ 1 October 2017	5,579	5,696	7,550	4,024	1,521	3,414	3,281	6,101	280	37,446
Additions	-	-	-	62	47	307	909	155	2,193	3,673
Disposals	-	-	-	(14)	(2)	-	(249)	-	-	(265)
Written off	-	-	-	-	(1)	(25)	-	-	-	(26)
Foreign exchange adjustment	-	-	-	(2)	(1)	(3)	(5)	(2)	-	(13)
At 30 September 2018	5,579	5,696	7,550	4,070	1,564	3,693	3,936	6,254	2,473	40,815

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

Group	Freehold land RM'000	Leasehold land RM'000	Leasehold building RM'000	Renovation, electrical installation and furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation										
At 1 October 2016	-	314	418	1,854	842	2,523	1,479	4,530	-	11,960
Depreciation for the year	-	130	173	336	106	271	550	319	-	1,885
Disposals	-	-	-	-	(19)	-	-	(28)	-	(47)
Written off	-	-	-	-	(7)	(46)	-	(8)	-	(61)
Foreign exchange adjustment	-	-	-	1	1	1	2	2	-	7
At 30 September 2017/ 1 October 2017	-	444	591	2,191	923	2,749	2,031	4,815	-	13,744
Depreciation for the year	-	131	172	335	108	277	523	291	-	1,837
Disposals	-	-	-	(5)	(3)	-	(248)	-	-	(256)
Written off	-	-	-	-	(1)	(22)	-	-	-	(23)
Foreign exchange adjustment	-	-	-	(1)	(1)	(2)	(3)	(2)	-	(9)
At 30 September 2018	-	575	763	2,520	1,026	3,002	2,303	5,104	-	15,293
Carrying amounts										
At 1 October 2016	5,579	5,382	7,132	1,747	574	733	1,795	1,462	239	24,643
At 30 September 2017/ 1 October 2017	5,579	5,252	6,959	1,833	598	665	1,250	1,286	280	23,702
At 30 September 2018	5,579	5,121	6,787	1,550	538	691	1,633	1,150	2,473	25,522

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Company	Renovation and furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Total RM'000
Cost						
At 1 October 2016	1,003	448	782	1,511	1	3,745
Additions	19	70	32	-	-	121
Disposal	-	(15)	-	-	-	(15)
At 30 September 2017/ 1 October 2017	1,022	503	814	1,511	1	3,851
Additions	15	-	13	346	-	374
Disposal	-	(2)	-	(160)	-	(162)
Written off	-	-	(3)	-	-	(3)
At 30 September 2018	1,037	501	824	1,697	1	4,060
Accumulated depreciation						
At 1 October 2016	612	252	517	626	1	2,008
Depreciation for the year	93	34	93	268	-	488
Disposal	-	(15)	-	-	-	(15)
At 30 September 2017/ 1 October 2017	705	271	610	894	1	2,481
Depreciation for the year	75	37	92	230	-	434
Disposal	-	(2)	-	(160)	-	(162)
Written off	-	-	(3)	-	-	(3)
At 30 September 2018	780	306	699	964	1	2,750
Carrying amounts						
At 1 October 2016	391	196	265	885	-	1,737
At 30 September 2017/ 1 October 2017	317	232	204	617	-	1,370
At 30 September 2018	257	195	125	733	-	1,310

3.1 Assets under finance lease

At 30 September 2018, the net carrying amount of leased motor vehicles of the Group and of the Company was RM1,516,000 (2017: RM1,237,000) and RM733,000 (2017: RM617,000) respectively.

3.2 Security

At 30 September 2018, land and building with a carrying amount of RM11,908,000 (2017: RM12,211,000) are charged to bank for banking facilities granted to a subsidiary (see Note 17.2).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM'000	Development RM'000	Total RM'000
Cost			
At 1 October 2016/30 September 2017/ 1 October 2017/30 September 2018	2,566	1,945	4,511
Amortisation and impairment loss			
At 1 October 2016			
Accumulated amortisation	-	1,414	1,414
Accumulated impairment loss	161	-	161
	161	1,414	1,575
Amortisation for the year	-	259	259
At 30 September 2017/1 October 2017			
Accumulated amortisation	-	1,673	1,673
Accumulated impairment loss	161	-	161
	161	1,673	1,834
Amortisation for the year	-	159	159
Impairment loss for the year	481	-	481
At 30 September 2018			
Accumulated amortisation	-	1,832	1,832
Accumulated impairment loss	642	-	642
	642	1,832	2,474
Carrying amounts			
At 1 October 2016	2,405	531	2,936
At 30 September 2017/1 October 2017	2,405	272	2,677
At 30 September 2018	1,924	113	2,037

4.1 Goodwill of the Group arose from acquisitions of subsidiaries in previous financial years.

4.2 Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's investment in its subsidiaries which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. INTANGIBLE ASSETS (CONT'D)

4.2 Impairment testing for cash-generating units containing goodwill (Cont'd)

The aggregate carrying amounts of goodwill are allocated to the following subsidiaries:

	Group	
	2018	2017
	RM'000	RM'000
EITA Power System Sdn. Bhd.	959	1,174
Transsystem Continental Sdn. Bhd.	965	965
Multiple units without significant goodwill	-	266
	1,924	2,405

The recoverable amount of the cash-generating units is based on its value in use, determined by discounting the future cash flows to be generated from the continuing operations of the subsidiaries.

The projected cash flows were prepared based on financial budgets and projections which were approved by management covering a five-year period. The projected cash flows are then discounted using pre-tax discount rate of 13.24% (2017: 12.33%), which was estimated based on the Company's weighted average cost of capital.

5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Freehold building RM'000	Leasehold building RM'000	Total RM'000
Cost				
At 1 October 2016	116	3,063	585	3,764
Addition	-	-	56	56
At 30 September 2017/1 October 2017	116	3,063	641	3,820
Addition	-	238	-	238
At 30 September 2018	116	3,301	641	4,058
Accumulated amortisation				
At 1 October 2016	-	38	37	75
Amortisation for the year	-	24	3	27
At 30 September 2017/1 October 2017	-	62	40	102
Amortisation for the year	-	24	3	27
At 30 September 2018	-	86	43	129
Carrying amounts				
At 1 October 2016	116	3,025	548	3,689
At 30 September 2017/1 October 2017	116	3,001	601	3,718
At 30 September 2018	116	3,215	598	3,929

Investment properties of a subsidiary amounting to RM1,692,000 (2017: RM1,260,000) have been charged to secure banking facilities granted to a subsidiary (see Note 17.2).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. INVESTMENT PROPERTIES (CONT'D)

Included in the above are:

	Group	
	2018	2017
	RM'000	RM'000
At cost		
Land	116	116
Buildings	3,242	3,268
Building under construction	571	334
	3,929	3,718

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

	Group	
	2018	2017
	RM'000	RM'000
Rental income	(57)	(84)
Direct operating expenses:		
- income generating investment properties	10	1
- non-income generating investment properties	-	3

Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2018	2017
Group	RM'000	RM'000
Land and buildings	4,615	4,373

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of land and buildings are estimated by Directors using the comparison approach. Expected sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The significant unobservable input into the Directors' valuation is adjustment to the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	25,855	26,219

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %	Effective ownership interest and voting interest 2017 %
EITA Power System Sdn. Bhd.	Malaysia	Marketing and distribution of fire resistant cables, electrical and electronic components and equipment and provision of electrical and security system solutions.	100	100
EITA Technologies (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of electrical and electronic components and equipment.	100	100
EITA Electric Sdn. Bhd.	Malaysia	Marketing and distribution of electrical and electronic components and equipment.	100	100
EITA Elevator (Malaysia) Sdn. Bhd.	Malaysia	Design, installation and maintenance of elevator systems.	100	100
EITA-Schneider (MFG) Sdn. Bhd.	Malaysia	Manufacture of elevator systems.	100	100
Furutec Electrical Sdn. Bhd.	Malaysia	Design and manufacture of Busduct systems and manufacture of metal fabricated products.	100	100
Schneider Research & Development Centre Sdn. Bhd.	Malaysia	Research and development of elevator systems.	100	100
EITA Technologies Pte. Ltd. (#)	Singapore	Marketing and distribution of electrical and electronic components and equipment.	90	90
EITA Research & Development Sdn. Bhd.	Malaysia	Research and development of elevator and Busduct products and systems.	100	100
Transsystem Continental Sdn. Bhd.	Malaysia	Civil, electrical engineering and general contractors.	60	60
Schneider Control & Drive Systems (M) Sdn. Bhd.	Malaysia	Liquidated.	-	100

Not audited by a member firm of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Summarised financial information of non-controlling interest in EITA Technologies Pte. Ltd. and Transsystem Continental Sdn. Bhd. have not been presented as the related information is not individually material to the Group.

7. INVESTMENT IN JOINT VENTURE

	2018 RM'000	2017 RM'000
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	503	202
	1,003	702

Details of the joint venture are as follows:-

Name of Company	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Sigriner Automation (MFG) Sdn. Bhd.	Malaysia	Design, manufacture, marketing and service of all kinds of control and automation systems, components and equipment.	50	50

The following table summarises the financial information of Sigriner Automation (MFG) Sdn. Bhd., as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Sigriner Automation (MFG) Sdn. Bhd., which is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

7. INVESTMENT IN JOINT VENTURE (CONT'D)

	Group	
	2018	**2017**
	RM'000	**RM'000**
Summarised financial information		
As at 30 September		
Non-current assets	70	60
Current assets	4,358	3,415
Current liabilities	(2,422)	(2,071)
Net assets	2,006	1,404
Cash and cash equivalents	2,094	1,045
Year ended 30 September		
Profit for the financial year	602	851
Included in the total comprehensive income:		
Revenue	5,339	5,707
Depreciation	(12)	(10)
Reconciliation of net assets to carrying amount as at 30 September		
Group's share of net assets	1,003	702
Group's share of results for the year ended 30 September		
Group's share of profit, net of tax	301	425

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group						
Property, plant and equipment	3	2	(748)	(708)	(745)	(706)
Provisions	5,289	3,858	-	-	5,289	3,858
Other items	232	152	(59)	(91)	173	61
Unabsorbed capital allowance	-	18	-	-	-	18
Unutilised tax losses	-	232	-	-	-	232
Tax assets/(liabilities)	5,524	4,262	(807)	(799)	4,717	3,463
Set off of tax	(625)	(461)	625	461	-	-
Net tax assets/(liabilities)	4,899	3,801	(182)	(338)	4,717	3,463
Company						
Property, plant and equipment	109	-	-	(107)	109	(107)

Movement in temporary differences during the year

	At 1.10.2016 RM'000	Recognised in profit or loss (Note 24) RM'000	At 30.9.2017/ 1.10.2017 RM'000	Recognised in profit or loss (Note 24) RM'000	At 30.9.2018 RM'000
Group					
Property, plant and equipment	(767)	61	(706)	(39)	(745)
Provisions	3,585	273	3,858	1,431	5,289
Other items	229	(168)	61	112	173
Unabsorbed capital allowance	17	1	18	(18)	-
Unutilised tax losses	135	97	232	(232)	-
	3,199	264	3,463	1,254	4,717
Company					
Property, plant and equipment	(136)	29	(107)	216	109

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Plant and equipment	-	(1)
Other items	(12)	(1)
Unutilised tax losses	989	928
	977	926

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits there from.

9. INVENTORIES

	Group	
	2018	**2017**
	RM'000	**RM'000**
Raw materials	7,270	6,766
Work-in-progress	1,064	707
Manufactured inventories and trading goods	22,924	27,398
Equipment and parts	9,975	9,065
	41,233	43,936
Recognised in profit or loss:		
Inventories recognised as cost of sales	103,552	106,088
Write-down to net realisable value	1,488	1,960
Written off	114	238

NOTES TO THE FINANCIAL STATEMENTS
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10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade					
Trade receivables	10.1	47,703	50,190	-	-
Less: Impairment loss		(2,953)	(3,399)	-	-
		44,750	46,791	-	-
Progress billings receivable	10.2	20,177	23,709	-	-
Less: Impairment loss		(4,979)	(4,843)	-	-
		15,198	18,866	-	-
Amount due from contract customers	10.3	39,041	36,036	-	-
		98,989	101,693	-	-
Non-trade					
Other receivables	10.4	2,759	1,884	146	28
Less: Impairment loss		(503)	(353)	-	-
		2,256	1,531	146	28
Amounts due from subsidiaries	10.5	-	-	41,056	46,993
Less: Impairment loss		-	-	(1,146)	(1,097)
		-	-	39,910	45,896
		2,256	1,531	40,056	45,924
		101,245	103,224	40,056	45,924

10.1 Included in trade receivables are amounts owing by companies in which certain Directors of the Group and persons connected to the Directors have interests amounting to RM639,000 (2017: RM58,000). The amounts are interest-free, unsecured and repayable based on normal credit terms.

NOTES TO THE FINANCIAL STATEMENTS
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10. TRADE AND OTHER RECEIVABLES (CONT'D)

10.2 Included in progress billings receivable is retention sum amounting to RM12,741,000 (2017: RM13,338,000) relating to project contracts.

Retentions are interest-free, unsecured and are expected to be collected as follows:

	Group	
	2018	2017
	RM'000	RM'000
Within 1 year	3,521	4,112
1 - 2 years	1,210	6,171
2 - 3 years	352	-
3 - 4 years	7,658	3,055
	12,741	13,338

10.3 Construction work-in-progress

	Group	
	2018	2017
	RM'000	RM'000
Aggregate costs incurred to date	397,405	351,537
Add: Attributable profits	42,504	33,232
	439,909	384,769
Less: Progress billings	(398,547)	(353,589)
Less: Allowance for foreseeable losses	(2,497)	(2,264)
Less: Allowance for liquidated ascertained damages	(1,182)	(206)
	37,683	28,710
Represented by:		
(i) Amount due from contract customers	39,041	36,036
(ii) Amount due to contract customers (Note 18)	(1,358)	(7,326)
	37,683	28,710

10.4 Included in the Group's other receivables are advances paid to suppliers amounting to RM833,000 (2017: RM735,000).

10.5 The non-trade amounts due from subsidiaries are unsecured, subject to interest at 1% (2017: 1%) per annum above KLIBOR and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
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11. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits	1,475	1,406	279	273
Prepayments	2,524	1,218	174	217
	3,999	2,624	453	490

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2018			
Forward foreign exchange contracts:			
- Held for trading at fair value through profit or loss	33,129	-	(932)
- Cash flow hedge	75,715	97	(1,369)
	108,844	97	(2,301)
2017			
Forward foreign exchange contracts:			
- Held for trading at fair value through profit or loss	52,769	3	(293)

Forward foreign exchange contracts are used to manage the foreign currency exposures arising from the Group's payables or highly probable forecast transactions denominated in currencies other than the functional currencies of the Group entities. Most of the forward foreign exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

13. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances		30,226	29,666	1,167	2,530
Deposits placed with licensed banks	13.1	2,000	3,000	-	-
Liquid investments	13.2	23,198	12,421	16,577	11,435
		55,424	45,087	17,744	13,965

13.1 Included in the deposits placed with licensed banks of the Group is Nil (2017: RM500,000) pledged for a bank facility granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
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13. CASH AND CASH EQUIVALENTS (CONT'D)

13.2 The liquid investments represent investments in unit trust funds which primarily invest in money market instruments. The Directors regard the liquid investments as cash and cash equivalents in view of its high liquidity and insignificant risk of changes in value.

14. SHARE CAPITAL

	Group and Company			
	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Ordinary shares, issued and fully paid				
At beginning of financial year	69,302	130,000	65,000	130,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	-	-	4,302	-
At end of financial year	69,302	130,000	69,302	130,000

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. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company had twenty four (24) months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016). As at the date of issuance of the financial statements, the Company did not utilise the share premium amounting to RM4,302,000.

15. RESERVES

15.1 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 23 February 2018, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, there was no repurchase of its own shares from the open market.

At 30 September 2018, the Group held 4,000 (2017: 4,000) of the Company's shares.

NOTES TO THE FINANCIAL STATEMENTS
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15. RESERVES (CONT'D)

15.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with functional currency other than RM.

15.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

16. NON-CONTROLLING INTEREST

This consists of the non-controlling interest's proportion of share capital and reserves of subsidiaries, net of its share of subsidiaries' goodwill on consolidation.

17. LOANS AND BORROWINGS

		Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Finance lease liabilities	17.1	762	661	378	326
Term loans - secured	17.2	5,822	6,626	-	-
		6,584	7,287	378	326
Current					
Finance lease liabilities	17.1	381	345	151	166
Term loans - secured	17.2	1,004	979	-	-
Bills payable - unsecured	17.3	6,763	7,625	-	-
Bank overdrafts - unsecured	17.3	290	1,044	-	-
		8,438	9,993	151	166
		15,022	17,280	529	492

NOTES TO THE FINANCIAL STATEMENTS
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17. LOANS AND BORROWINGS (CONT'D)

17.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Group						
Less than one year	427	46	381	383	38	345
Between one and five years	824	62	762	714	53	661
	1,251	108	1,143	1,097	91	1,006
Company						
Less than one year	172	21	151	186	20	166
Between one and five years	402	24	378	347	21	326
	574	45	529	533	41	492

17.2 Term loans - secured

The term loans of the Group are secured by the land and buildings of a subsidiary (see Note 3.2) and investment properties of a subsidiary (see Note 5).

17.3 Security

The bills payable and bank overdrafts of the Group are supported by way of:

(i) corporate guarantee by the Company; and
(ii) a negative pledge over all the assets of certain subsidiaries.

Included in the bank overdrafts is the facility of a subsidiary amounting to RM290,000 (2017: RM1,000,000) which is jointly and severally guaranteed by the non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

17. LOANS AND BORROWINGS (CONT'D)

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

	At 1 October 2017	Net changes from financing cash flows	Acquisition of new lease	Foreign exchange movement	At 30 September 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Finance lease liabilities	1,006	(360)	499	(2)	1,143
Term loans	7,605	(779)	-	-	6,826
Bills payable	7,625	(862)	-	-	6,763
	16,236	(2,001)	499	(2)	14,732
Company					
Finance lease liabilities	492	(170)	207	-	529

18. DEFERRED INCOME

	Note	Group 2018	Group 2017
		RM'000	RM'000
Amount due to contract customers	10.3	1,358	7,326

19. PROVISION FOR WARRANTIES

	Group 2018	Group 2017
	RM'000	RM'000
At beginning of financial year	1,006	1,276
Provision made during the year	425	561
Provision reversed during the year	(1)	(521)
Warranty claimed during the year	(531)	(310)
At end of financial year	899	1,006

The provision for warranties relates to products sold and projects completed. The provision is based on estimates made from historical warranty data associated with similar products and projects.

NOTES TO THE FINANCIAL STATEMENTS
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20. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade					
Trade payables	20.1	25,848	23,800	-	-
Non-trade					
Other payables	20.2	15,392	8,287	263	269
Accrued expenses		10,254	14,027	1,511	1,276
		25,646	22,314	1,774	1,545
		51,494	46,114	1,774	1,545

20.1 Included in trade payables of the Group are as follows:

i) Retention sum amounting to RM1,132,000 (2017: RM1,058,000);

ii) Amounts payable to companies in which certain Directors of the Group and persons connected to the Directors have interests of RM57,000 (2017: RM40,000). The amounts are interest-free, unsecured and repayable based on the normal credit terms;

iii) Amount payable to the joint venture of RM867,000 (2017: RM1,435,000). The amount is interest-free, unsecured and repayable based on the normal credit terms.

20.2 Included in other payables of the Group are as follows:

i) Deposits and advances received from customers amounting to RM11,220,000 (2017: RM3,484,000);

ii) Amount due to a Director of a subsidiary amounting to RM259,000 (2017: RM215,000). The amount is interest-free, unsecured and repayable on demand.

21. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue				
Sale of goods	137,492	143,055	-	-
Contract revenue	95,704	104,735	-	-
Maintenance services	30,180	22,890	-	-
Management fees	-	-	6,669	6,635
Dividends	-	-	5,140	12,000
	263,376	270,680	11,809	18,635

NOTES TO THE FINANCIAL STATEMENTS
cont'd

22. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Results from operating activities are arrived at after charging:				
Amortisation of development costs	159	259	-	-
Amortisation of investment properties	27	27	-	-
Auditors' remuneration				
- KPMG Malaysia	174	159	32	32
- other auditors	12	9	-	-
Non-audit fees to KPMG	18	14	18	14
Bad debts written off	-	-	10	-
Depreciation of property, plant and equipment	1,837	1,885	434	488
Fair value loss on forward exchange contracts	642	-	-	-
Foreign exchange loss				
- realised	879	-	5	1
Impairment loss				
- goodwill	481	-	-	-
- trade receivables	-	629	-	-
- other receivables	150	96	-	-
- amount due from subsidiaries	-	-	49	1,097
Inventories written off	114	238	-	-
Inventories written down to net realisable value	1,488	1,960	-	-
Investment in a subsidiary written off	-	-	104	-
Provision for foreseeable losses	233	-	-	-
Provision for liquidated and ascertained damages	976	-	-	-
Provision for warranties - net	424	40	-	-
Property, plant and equipment written off	3	-	-	-
Rental expense on premises	2,248	2,293	253	249
Rental of equipment	6	5	-	-
Staff costs:				
- contribution to state plans	4,401	3,837	527	471
- wages, salaries and others	34,222	31,408	3,665	3,373

NOTES TO THE FINANCIAL STATEMENTS
cont'd

22. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Bad debt recovered	-	47	-	-
Foreign exchange gain				
- realised	-	453	-	-
- unrealised	60	162	-	-
Fair value gain on forward exchange contracts	-	596	-	-
Fair value gain on provision for diminution investment	43	5	43	5
Gain on disposal of property, plant and equipment	29	24	-	-
Reversal of allowance for foreseeable losses	-	58	-	-
Reversal of impairment loss on trade receivables	310	-	-	-
Rental income on premises	57	84	-	-
Unit trust income	498	173	438	130

23. FINANCE COSTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not fair value through profit or loss:				
- bank overdrafts	78	103	20	20
- bills payable	632	1,196	-	-
- finance lease liabilities	43	57	20	29
- intercompany interest	-	-	-	7
- revolving credit	14	-	14	-
- term loans	326	349	-	-
Recognised in profit or loss	1,093	1,705	54	56

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. TAX EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current year	7,703	6,965	774	909
- prior year	(183)	220	27	50
	7,520	7,185	801	959
Deferred tax expense				
- Origination and reversal of temporary differences	(806)	(258)	(110)	(29)
- prior year	(448)	(6)	(106)	-
	(1,254)	(264)	(216)	(29)
	6,266	6,921	585	930
Share of tax of equity-accounted joint venture	62	110	-	-
Total tax expense	6,328	7,031	585	930
Reconciliation of tax expense				
Profit for the year	20,485	19,770	6,639	12,690
Total tax expense	6,328	7,031	585	930
Profit excluding tax	26,813	26,801	7,224	13,620
Income tax calculated using Malaysian tax rate at 24% (2017: 24%)	6,435	6,432	1,734	3,269
Effect of different tax rate in foreign jurisdiction	(65)	(112)	-	-
Non-deductible expenses	937	946	270	522
Tax exempt income	(8)	(39)	(1,340)	(2,911)
Tax incentives	(80)	(80)	-	-
Double tax deduction	(272)	(347)	-	-
Effect of deferred tax asset not recognised	12	17	-	-
	6,959	6,817	664	880
(Over)/Under provision in prior year	(631)	214	(79)	50
Total tax expense	6,328	7,031	585	930

NOTES TO THE FINANCIAL STATEMENTS
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25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 September 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the year calculated as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit for the year attributable to the owners	20,085	19,921
Issued ordinary shares at 30 September	130,000	130,000
Effect of treasury shares held	(4)	(4)
Weighted average number of shares (basic)	129,996	129,996
Basic earnings per ordinary share	15.45	15.32

The Group has no dilution in its earnings per ordinary shares at 30 September 2018 and 30 September 2017.

26. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	**Total amount RM'000**	**Date of payment**
2018			
Special 2018 ordinary	2.00	2,600	28 September 2018
Interim 2018 ordinary	2.00	2,600	28 September 2018
Final 2017 ordinary	3.00	3,900	28 March 2018
		9,100	
2017			
Interim 2017 ordinary	2.00	2,600	26 July 2017
Final 2016 ordinary	2.00	2,600	30 March 2017
		5,200	

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	**Total amount RM'000**
Final 2018 ordinary	3.00	3,900

NOTES TO THE FINANCIAL STATEMENTS
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27. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Design and manufacturing - Includes purchasing, designing and manufacturing elevator and Busduct.
- Marketing and distribution - Includes purchasing, marketing and distributing electrical and electronic components and equipment.
- Services - Includes maintenance of elevator systems and carrying out civil, electrical engineering and general construction work.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosures are made on segment assets and liabilities.

	Design and manufacturing		Marketing and distribution		Services		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue:								
External customers	110,501	146,138	88,075	86,690	64,800	37,852	263,376	270,680
Segment EBITDA	4,411	11,585	9,726	10,827	15,367	7,948	29,504	30,360
Depreciation and amortisation	(1,107)	(1,331)	(557)	(573)	(359)	(267)	(2,023)	(2,171)
Finance costs	(540)	(896)	(248)	(369)	(305)	(440)	(1,093)	(1,705)
Finance income	286	168	42	30	35	9	363	207
Tax expense	(977)	(2,238)	(2,360)	(2,539)	(2,929)	(2,144)	(6,266)	(6,921)
Segment profit	2,073	7,288	6,603	7,376	11,809	5,106	20,485	19,770

Geographical segments

The activities of the Group are mainly carried out in Malaysia and accordingly, no segmental reporting by geographical location is presented.

NOTES TO THE FINANCIAL STATEMENTS
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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) Financial liabilities measured at amortised cost ("FL"); and
(c) Available-for-sale financial assets ("AFS");
(d) Fair value through profit or loss ("FVTPL") - Held for trading ("HFT"); and
(e) Derivatives used for hedging

Group	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	FVTPL-HFT RM'000	Derivatives used for hedging RM'000
2018					
Financial assets					
Other investments	10	-	10	-	-
Trade and other receivables excluding advances paid to suppliers	100,412	100,412	-	-	-
Deposits	1,475	1,475	-	-	-
Derivative financial assets	97	-	-	-	97
Cash and cash equivalents	55,424	55,424	-	-	-
	157,418	157,311	10	-	97
Financial liabilities					
Loans and borrowings	(15,022)	(15,022)	-	-	-
Trade and other payables excluding advances received from customers	(40,274)	(40,274)	-	-	-
Derivative financial liabilities	(2,301)	-	-	(932)	(1,369)
	(57,597)	(55,296)	-	(932)	(1,369)
2017					
Financial assets					
Other investments	10	-	10	-	-
Trade and other receivables excluding advances paid to suppliers	102,489	102,489	-	-	-
Deposits	1,406	1,406	-	-	-
Derivative financial assets	3	-	-	3	-
Cash and cash equivalents	45,087	45,087	-	-	-
	148,995	148,982	10	3	-

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 Categories of financial instruments (Cont'd)

Group	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	FVTPL- HFT RM'000	Derivatives used for hedging RM'000
2017					
Financial liabilities					
Loans and borrowings	(17,280)	(17,280)	-	-	-
Trade and other payables excluding advances received from customers	(42,630)	(42,630)	-	-	-
Derivative financial liabilities	(293)	-	-	(293)	-
	(60,203)	(59,910)	-	(293)	-

Company	2018		2017	
	Carrying amount RM'000	L&R/ (FL) RM'000	Carrying amount RM'000	L&R/ (FL) RM'000
Financial assets				
Trade and other receivables	40,056	40,056	45,924	45,924
Deposits	279	279	273	273
Cash and cash equivalents	17,744	17,744	13,965	13,965
	58,079	58,079	60,162	60,162
Financial liabilities				
Loans and borrowings	(529)	(529)	(492)	(492)
Trade and other payables	(1,774)	(1,774)	(1,545)	(1,545)
	(2,303)	(2,303)	(2,037)	(2,037)

28.2 Net (losses)/gains arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net (loss)/gain arising on:				
Loans and receivables	2	(527)	2,383	1,249
Financial liabilities measured at amortised cost	(1,180)	(1,251)	(54)	(56)
Fair value through profit or loss				
- held for trading, net	(642)	596	-	-
	(1,820)	(1,182)	2,329	1,193

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.3 Financial risk management objective and policies

The Group and the Company have 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 and the Company 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 loans and 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 an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount to mitigate the exposure to credit risk. The Group and the Company do not have any significant exposure to any individual counterparty.

Exposure to credit risk and credit quality

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 recoverable 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.

Impairment losses

The Group maintains an ageing analysis for trade and progress billings receivables only. The ageing of trade and progress billings receivables as at the end of the reporting period was:

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28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (Cont'd)

Receivables (Cont'd)

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2018				
Not past due	65,399	-	-	65,399
Past due 0 - 30 days	8,128	-	-	8,128
Past due 31 - 90 days	8,774	-	-	8,774
Past due more than 90 days	24,620	(2,506)	(5,426)	16,688
	106,921	(2,506)	(5,426)	98,989
2017				
Not past due	71,548	-	-	71,548
Past due 0 - 30 days	9,942	-	-	9,942
Past due 31 - 90 days	12,714	-	-	12,714
Past due more than 90 days	15,731	(2,544)	(5,698)	7,489
	109,935	(2,544)	(5,698)	101,693

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

	Group	
	2018 RM'000	2017 RM'000
At beginning of financial year	8,242	7,713
Impairment loss (reversed)/recognised	(310)	629
Impairment loss written off	-	(100)
At end of financial year	7,932	8,242

The allowance account in respect of trade and progress billings 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain 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 Company's maximum exposure to financial guarantees amounts to RM282,721,000 (2017: RM184,350,000) representing the total banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable except for one subsidiary which the Company has impaired the balance. The Company does not specifically monitor the ageing of the current advances to the subsidiaries.

The movements in the allowance for impairment losses of inter-company balances during the year were:

	Company	
	2018	2017
	RM'000	RM'000
At beginning of financial year	1,097	-
Impairment loss recognised	49	1,097
At end of financial year	1,146	1,097

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk

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

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

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

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2018						
Non-derivative financial liabilities						
Term loans - secured	6,826	4.30 – 4.65	9,318	1,390	1,416	6,512
Finance lease liabilities	1,143	4.55 – 5.70	1,251	427	335	489
Bills payable - unsecured	6,763	4.82 – 5.07	7,091	7,091	-	-
Bank overdrafts - unsecured	290	8.60	316	316	-	-
Trade and other payables excluding advances received from customers	40,274	-	40,274	40,274	-	-
Financial guarantees	-	-	27,209	27,209	-	-
	55,296		85,459	76,707	1,751	7,001
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Outflow	932	-	33,129	33,129	-	-
Inflow	-	-	(32,197)	(32,197)	-	-
	56,228		86,391	77,639	1,751	7,001

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2017						
Non-derivative financial liabilities						
Term loans - secured	7,605	4.30 - 4.65	8,813	1,290	1,285	6,238
Finance lease liabilities	1,006	4.71 - 5.70	1,097	383	314	400
Bills payable - unsecured	7,625	4.51 - 4.66	7,975	7,975	-	-
Bank overdrafts - unsecured	1,044	8.15 - 8.60	1,133	1,133	-	-
Trade and other payables excluding advances received from customers	42,630	-	42,630	42,630	-	-
Financial guarantees	-	-	11,812	11,812	-	-
	59,910		73,460	65,223	1,599	6,638
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Outflow	293	-	52,344	52,344	-	-
Inflow	-	-	(52,051)	(52,051)	-	-
	60,203		73,753	65,516	1,599	6,638

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2018						
Non-derivative financial liabilities						
Finance lease liabilities	529	4.64	574	172	173	229
Trade and other payables	1,774	-	1,774	1,774	-	-
Financial guarantees	-	-	282,721	282,721	-	-
	2,303		285,069	284,667	173	229
2017						
Non-derivative financial liabilities						
Finance lease liabilities	492	4.80	533	186	126	221
Trade and other payables	1,545	-	1,545	1,545	-	-
Financial guarantees	-	-	184,350	184,350	-	-
	2,037		186,428	186,081	126	221

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk

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

Foreign 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 currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), U.S. Dollar ("USD") and Chinese Yuan Renminbi ("CNY").

Risk management objectives, policies and processes for managing the risk

The Directors monitor the exposure to foreign currency risk on a regular basis to ensure no significant adverse impact. It is the Group's policy to enter into forward foreign currency contracts to hedge against significant exposures to exchange rate fluctuations. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (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:

	Denominated in		
	SGD	**USD**	**CNY**
Group	**RM'000**	**RM'000**	**RM'000**
2018			
Trade and other receivables	3,532	4,155	99
Cash and cash equivalents	-	1,192	-
Trade and other payables	-	(6,339)	(5,320)
Forward exchange contracts on forecast purchases	-	(78)	2,282
Net exposure in the statements of financial position	3,532	(1,070)	(2,939)
2017			
Trade and other receivables	6,586	3,587	191
Cash and cash equivalents	-	1,118	-
Trade and other payables	(17)	(5,883)	(3,679)
Forward exchange contracts on forecast purchases	-	81	209
Net exposure in the statements of financial position	6,569	(1,097)	(3,279)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (Cont'd)

Foreign currency risk (Cont'd)

Foreign currency risk sensitivity analysis

A 10% (2017: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. 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. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity		Profit or loss	
	2018	**2017**	**2018**	**2017**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
SGD	(736)	(698)	(268)	(499)
USD	-	-	81	83
CNY	-	-	223	249

A 10% (2017: 10%) weakening of RM against the above currencies 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.

Interest rate risk

The Group's and the Company's fixed rate deposits placements and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate liquid investment and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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 and the Company are exposed to interest rate risk when a financial instrument's value will fluctuate as a result of changes in market interest rate.

Excess funds are placed with licensed banks for short term periods during which the interest rates are fixed.

The Group's and the Company's interest-bearing financial liabilities are mainly finance lease liabilities, term loan, bills payable and bank overdrafts. The Group and the Company adopt a policy of managing the interest rate risk through the use of fixed and floating rate debts.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	2,000	2,500	-	-
Financial liabilities	(1,143)	(1,006)	(529)	(492)
	857	1,494	(529)	(492)
Floating rate instruments				
Financial assets	23,198	12,421	16,577	11,435
Financial liabilities	(13,879)	(16,274)	-	-
	9,319	(3,853)	16,577	11,435

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do 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.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 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.

	Profit or loss			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	RM'000	RM'000	RM'000	RM'000
2018				
Floating rate instruments	71	(71)	126	(126)
2017				
Floating rate instruments	(29)	29	87	(87)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Hedging activities

Cash flow hedge

The Group entered into forward exchange contracts as hedges for purchases denominated in foreign currencies. During the year, the Group recognised a net loss of RM1,407,000 (2017: Nil) in other comprehensive income.

28.8 Fair value information

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

The carrying amounts of the floating rate bills payable, bank overdrafts and term loan approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

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 statement 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	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018										
Group										
Financial assets										
Forward exchange contracts	-	97	-	97	-	-	-	-	97	97
Financial liabilities										
Forward exchange contract	-	(2,301)	-	(2,301)	-	-	-	-	(2,301)	(2,301)
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(1,027)	(1,027)	(1,027)	(1,143)
Company										
Financial liabilities										
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(476)	(476)	(476)	(529)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.8 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017										
Group										
Financial assets										
Forward exchange contracts	-	3	-	3	-	-	-	-	3	3
Financial liabilities										
Forward exchange contract	-	(293)	-	(293)	-	-	-	-	(293)	(293)
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(907)	(907)	(907)	(1,006)
Company										
Financial liabilities										
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(442)	(442)	(442)	(492)

28.8.1 Fair value hierarchy

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is based on their quoted prices, if available. If a quoted price is not available, then fair value is estimated by comparing the difference between the contractual forward price and the current forward price based on available spot rate at reporting date.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2017: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.8 Fair value information (Cont'd)

28.8.1 Fair value hierarchy (Cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. The valuation techniques in determining the fair values disclosed in Level 3 for the financial instruments not carried at fair value is discounted cash flows.

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. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

	2018	2017
Group and Company		
Finance lease liabilities		
- fixed rate	4.55% - 5.70%	4.71% - 5.70%

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 Directors monitor the adequacy of capital on an ongoing basis.

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

30. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Less than one year	2,149	1,536	1,023	1,046
Between one and five years	1,555	1,119	994	868
	3,704	2,655	2,017	1,914

The Group and Company lease factory buildings under operating leases. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals. None of the leases includes contingent rentals.

31. CONTINGENT LIABILITIES - UNSECURED

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2018	**2017**
	RM'000	**RM'000**
Group		
Guarantees issued to third parties for performance of contract by subsidiaries	27,209	11,812

32. CAPITAL COMMITMENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for and payable:				
Within one year	19,173	736	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

33. RELATED PARTIES

Identity of related parties

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

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group and of the Company. There are no other transactions with key management personnel other than key management personnel compensation as disclosed below.

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

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in the notes 10 and 20.

	Transaction value	
	2018	**2017**
Group	**RM'000**	**RM'000**
With companies in which the Directors and persons connected to the Directors have interests		
Sales		
Boilermech Sdn. Bhd.	(322)	(158)
Boilermech Cleantech Sdn. Bhd.	(16)	(15)
CTL Automation Sdn. Bhd.	(183)	(85)
Modern Age Development Sdn. Bhd.	(224)	-
QL Foods Sdn. Bhd.	(288)	(42)
QL Kitchen Sdn. Bhd.	(12)	(6)
Purchases		
CTL Automation Sdn. Bhd.	516	494
Progress billing		
Platinum Victory Development Sdn. Bhd.	-	(213)
With a company having a common director		
UMW Synergistic Generation Sdn. Bhd.		
Advances received	-	(311)
Sales	(587)	-
With persons connected to the Directors		
Progress billing		
Chia Seong Fatt	(163)	(49)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

33. RELATED PARTIES (CONT'D)

	Transaction value	
	2018	**2017**
	RM'000	**RM'000**
Joint venture		
Sigriner Automation (MFG) Sdn. Bhd.		
Sales	(6)	(8)
Purchases	4,648	5,583
Management fees receivable	(120)	(120)
Key management personnel		
Directors		
- Fees	425	409
- Remunerations	4,050	3,914
- Other short-term employee benefits	106	104
Other key management personnel		
- Fees	64	64
- Remunerations	212	170
Company		
Subsidiaries		
Gross dividends receivable	(5,140)	(12,000)
Management fees receivable	(6,669)	(6,635)
Interest income	(1,901)	(2,181)
Interest expenses	-	7
Key management personnel		
Directors		
- Fees	265	235
- Remunerations	2,106	2,029
- Other short-term employee benefits	67	67

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 68 to 137 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 at 30 September 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:

Fu Wing Hoong
Director

Lim Joo Swee
Director

Petaling Jaya

Date: 15 January 2019

STATUTORY DECLARATION

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

I, **Mok Chee Hong**, the officer primarily responsible for the financial management of EITA Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 137 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 Mok Chee Hong, I/C No. 720924-10-5255, MIA CA 25756, at Petaling Jaya, Selangor Darul Ehsan on 15 January 2019.

Mok Chee Hong

Before me:

Lawrence Low
B484
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad

(Company No. 398748-T)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of EITA Resources Berhad, which comprise the statements of financial position as at 30 September 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 68 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 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.

Revenue recognition – construction contract

Refer to Note 2(o)(ii) – Significant accounting policy: Revenue and other income and Note 21 – Revenue.

The key audit matter

Construction contracts revenue is accounted based on percentage of completion, assessed by reference to the proportion of contract costs incurred for the work performed to date to the estimated total costs of the contract at completion.

Revenue recognition – construction contract is identified as a key audit matter due to the high degree of management judgement required in the estimation of the total costs of the contract at completion. Changes in judgement and the related estimates throughout a contract period could result in a material variance in the amount of revenue and, consequently, profits recognised to date and in the current period.

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Company No. 398748-T)
(Incorporated in Malaysia)
cont'd

KEY AUDIT MATTERS (CONT'D)

Revenue recognition – construction contract (Cont'd)

How the matter was addressed in our audit

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

- We evaluated the design and implementation of selected key controls over the approval of contracts and budgeted costs for respective projects;
- We assessed the reasonableness of the estimated total cost to complete of selected contracts through inquiries with respective project managers and inspection of documents to support the estimates made;
- We compared the actual cost incurred of previous completed projects to its estimated total cost to assess the reasonableness of the Group's budgeting process;
- We performed verification of the actual cost incurred during the financial year on sampling basis; and
- We recalculated the percentage of completion to determine that the amount of revenue is appropriately recognised.

Recoverability of trade receivables

Refer to Note 2(k)(i) – Significant accounting policy: Impairment – Financial assets and Note 10 – Trade and other receivables.

The key audit matter

As at 30 September 2018, the Group has significant trade receivables and progress billing receivables balances of RM59,948,000. The determination as to whether a trade receivables or progress billing receivables is collectible involves management's judgement. Specific factors that the management considered include the age of the outstanding balances, existence of disputes and recent historical collection patterns. There is a risk that assessment of the level of these impairment is insufficient or inaccurate.

How the matter was addressed in our audit

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

- We obtained an understanding of the assessment performed by management to arrive at the individual and collective impairment allowances;
- We tested the accuracy of the system generated receivable aging report to identify any long outstanding receivables; and
- We compared the impairment allowances made by the management to our expectation, derived based on our understanding of the operation and historical collection patterns of customers.

INDEPENDENT AUDITORS' REPORT
To the Members of EITA Resources Berhad
(Company No. 398748-T)
(Incorporated in Malaysia)
cont'd

KEY AUDIT MATTERS (CONT'D)

Valuation of inventories

Refer to Note 2(h) – Significant accounting policy: Inventories and Note 9 – Inventories.

The key audit matter

As at 30 September 2018, the Group has significant inventory balance of RM41,233,000. There is high degree of management's judgement involved in assessing the level of inventory write down required in respect of slow moving or obsolete inventories, therefore, there is a risk that the slow moving or obsolete inventories have not been adequately written down.

How the matter was addressed in our audit

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

- We obtained an understanding of the Group's process for measuring the amount of write down required;
- We reviewed stock ageing and ascertained that the adequacy of management's provision for slow moving and obsolete inventories per Group's policy;
- We assessed the reasonableness of the Group's policy by reference to the utilisation rate of inventories in the past years. We have tested the accuracy of the inventories ageing report used for this purpose; and
- We performed net realisable value test on sampling basis.

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Company No. 398748-T)
(Incorporated in Malaysia)
cont'd

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Company No. 398748-T)
(Incorporated in Malaysia)
cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

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

Ooi Eng Siong
Approval Number: 03240/02/2020 J
Chartered Accountant

Petaling Jaya

Date: 15 January 2019

LIST OF PROPERTIES
As at 30 September 2018

Owner Company	Location	Date of acquisition	Tenure	Description/ use	Land & built-up Area (Acres/Sq. ft.)	Net book value	Age of the building
EITA-Schneider (MFG) Sdn. Bhd.	Lot No 14, Eastern Gateway Industrial Hub @ Bandar Bukit Raja Geran 288296 Lot 69097 and Geran 246863 Lot No 69099 Mukim Kapar District of Klang Selangor	30 June 2011	Freehold	Vacant Land	2.9 acres (126,324 sq. ft.)	5,579,588	Not applicable
EITA Power System Sdn. Bhd.	Units 17 & 18 Second Floor Block B Taman Mewah 78000 Alor Gajah Melaka	10 February 1999	Leasehold 99 years expiring on 2 September 2091	Two (2) units of residential apartments	674 sq. ft. per unit	# 63,162	20
EITA Power System Sdn. Bhd.	A07-04 (Parcel A-7-5P-2D) Straits View Batu 7 Jalan Pantai Teluk Kemang 71059 Port Dickson Negeri Sembilan Darul Khusus	9 June 2000	Leasehold 99 years expiring on 17 December 2101	One (1) unit of residential condominium	972 sq. ft.	# 116,736	20
Furutec Electrical Sdn. Bhd.	No 849 Lorong Perindustrian Bukit Minyak 11 Taman Perindustrian Bukit Minyak 14100 Simpang Ampat Seberang Perai Pulau Pinang	26 November 2013	Leasehold 60 years expiring on 14 January 2058	Busduct factory	131,724 sq. ft. Built-up approx. 62,800 sq. ft.	11,908,516	16
EITA Elevator (Malaysia) Sdn. Bhd.	H.S(M) 1926 PT No. 126 Seksyen 3 Pekan Pasir Penambang Daerah Kuala Selangor Negeri Selangor Darul Ehsan	30 March 2015	Freehold	Freehold land and building	130 sq. meter (1,399 sq. ft.)	# 1,236,137	4
EITA Elevator (Malaysia) Sdn. Bhd.	Jazz Suites Block 3@ Vivacity Megamall A13-01, Ground Floor Jalan Wan Alwi 93350, Kuching Sarawak	22 October 2013	Leasehold 99 years expiring on 21 October 2112	Serviced apartment	846 sq. ft.	# 418,635	2

LIST OF PROPERTIES
As at 30 September 2018
cont'd

Owner Company	Location	Date of acquisition	Tenure	Description/ use	Land & built-up Area (Acres/Sq. ft.)	Net book value	Age of the building
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. F-1-1 Subang Parkhomes Persiaran Kemajuan 47500 Subang Jaya Selangor	26 September 2014	Freehold	Serviced apartment	1,365 sq. ft.	# 839,412	4
EITA Elevator (Malaysia) Sdn. Bhd.	13A-13 Vue Residences No. 102, Jalan Pahang 53000 Kuala Lumpur	23 April 2015	Freehold	Serviced apartment	737 sq. ft.	# 683,800	5
EITA Elevator (Malaysia) Sdn. Bhd.	E3-21-06, Tower Three Jalan ION Delemen 1 Genting Highlands 69000 Genting Pahang	29 April 2014	Freehold	Serviced apartment	103.7 sq. meter (1,116 sq. ft.)	# 666,540	WIP*

Notes:

\# *These are "Investment Properties" held by our Group.*

* *Work in progress.*

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2018

Class of equity securities	:	Ordinary Shares ("Shares")
Total number of issued shares	:	130,000,000 Shares
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every Share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%*	No. of Shares^	%*
Less than 100 Shares	9	0.75	214	#
100 - 1,000 Shares	158	13.22	107,600	0.08
1,001 - 10,000 Shares	577	48.28	3,208,402	2.47
10,001 - 100,000 Shares	355	29.71	12,271,700	9.44
100,001 - less than 5% of issued Shares	92	7.70	44,521,439	34.25
5% and above of issued Shares	4	0.34	69,886,645	53.76
Total	**1,195**	**100.00**	**129,996,000**	**100.00**

\# *Negligible.*
^ *Excluding a total of 4,000 Shares bought and retained as treasury shares.*

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%***	**No. of Shares**	**%***
Dato' Siow Kim Lun	200,000	0.15	-	-
Fu Wing Hoong	722,541	0.56	24,863,496 (1)	19.13
Lim Joo Swee	1,595,341	1.23	18,511,853 (2)	14.24
Lee Peng Sian	6,343,008	4.88	5,000 (3)	-
Chia Mak Hooi	200,000	0.15	-	-
Chong Lee Chang	380,000	0.29	-	-
Tan Chuan Hock	200,000	0.15	-	-
Ho Lee Chen	-	-	-	-
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	4,359,236	3.35	130,000 (4)	0.10
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	200,000	0.15	29,873,259 (5)	22.98

Notes:

(1) Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").
(2) Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.
(3) Deemed interested by virture of the shares held by his spouse, Looi Lin Poh.
(4) Deemed interested by virtue of the shares held by his spouse, Jane Chew Yin Sum.
(5) Deemed interested by virtue his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2018
cont'd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%***	**No. of Shares**	**%***
Ruby Technique Sdn. Bhd.	29,873,259	22.98	-	-
Sudut Kreatif Sdn. Bhd.	21,501,533	16.54	-	-
Jasa Simbolik Sdn. Bhd.	11,893,574	9.15	-	-
Goh Kin Bee	6,618,279	5.09	13,488,915 (1)	10.38
Fu Wing Hoong	722,541	0.56	24,863,496 (2)	19.13
Lim Joo Swee	1,595,341	1.23	18,511,853 (3)	14.24
Lee Pek See	3,360,963	2.59	22,224,074 (4)	17.10
CBG Holdings Sdn. Bhd.	-	-	29,873,259 (5)	22.98
Farsathy Holdings Sdn. Bhd.	-	-	29,873,259 (5)	22.98
Chia Seong Pow	200,000	0.15	29,873,259 (6)	22.98
Chia Seong Fatt	-	-	29,873,259 (6)	22.98

Notes:

(1) *Deemed interested by virtue of the shares held by her spouse, Lim Joo Swee and both her and her spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.*

(2) *Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.*

(3) *Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.*

(4) *Deemed interested by virtue of the shares held by her spouse, Fu Wing Hoong and both her and her spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.*

(5) *Deemed interested by virtue of its shareholdings in Ruby Technique Sdn. Bhd. pursuant to Section 8 of the Act.*

(6) *Deemed interested by virtue of his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.*

ANALYSIS OF SHAREHOLDINGS

As at 31 December 2018
cont'd

30 LARGEST SECURITIES ACCOUNT HOLDERS
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares held	%*
1	Ruby Technique Sdn. Bhd.	29,873,259	22.98
2	Sudut Kreatif Sdn. Bhd.	21,501,533	16.54
3	Jasa Simbolik Sdn. Bhd.	11,893,574	9.15
4	Goh Kin Bee	6,618,279	5.09
5	Lee Peng Sian	6,343,008	4.88
6	Citigroup Nominees (Tempatan) Sdn. Bhd. *- Employees Provident Fund Board*	4,523,500	3.48
7	Chong Yoke Peng	4,359,236	3.35
8	Lee Pek See	3,360,963	2.59
9	Lim Joo Swee	1,535,241	1.18
10	UOB Kay Hian Nominees (Asing) Sdn. Bhd. *- Exempt An for UOB Kay Hian Pte. Ltd.*	1,488,000	1.14
11	Wong Chin Tim	1,356,550	1.04
12	Wong Jiann Shyong	868,000	0.67
13	Tan Hang Lim	845,000	0.65
14	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ng Sin Guan*	806,500	0.62
15	Fu Wing Hoong	722,541	0.56
16	Lee Keng Hong	517,400	0.40
17	Vibrant Model Sdn. Bhd.	500,000	0.38
18	Public Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Yeo Kiah Yoo*	491,000	0.38
19	AMSEC Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Leong Kee Chan*	457,000	0.35
20	Affin Hwang Nominees (Asing) Sdn. Bhd. *- Exempt An for DBS Vickers Securities (Singapore) Pte. Ltd.*	418,400	0.32
21	Thian Yook Chin	410,400	0.32
22	Hoo Chee Keong	392,600	0.30
23	CIMSEC Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ng Yen Woon*	350,300	0.27
24	Law Kok Wah	335,000	0.26
25	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Kim Hong*	311,500	0.24
26	CIMSEC Nominees (Tempatan) Sdn. Bhd. *- CIMB Bank for Lim See Pek (MY2305)*	310,000	0.24
27	Andrew Lim Cheong Seng	300,000	0.23
28	Citigroup Nominees (Asing) Sdn. Bhd. *- Exempt An for OCBC Securities Private Limited*	298,300	0.23
29	Public Nominess (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Phua Kiap Wite*	296,800	0.23
30	Maybank Nominess (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Phua Kiap Wite*	292,000	0.22

* *All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,000 shares) arising from share buy-back exercise.*

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of EITA RESOURCES BERHAD ("EITA" or "the Company') will be held at Zamrud 2 Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 27 February 2019 at 10:30 a.m. to transact the following businesses:-

A G E N D A

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2018 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of a Final Single-Tier Dividend of 3.0 sen per ordinary share for the financial year ended 30 September 2018. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' fees and benefits of up to RM331,225 for the financial year ending 30 September 2019. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors who retire pursuant to Clause 103 of the Company's Constitution:-

   i) Mr. Fu Wing Hoong ***(Ordinary Resolution 3)***
   ii) Mr. Chong Lee Chang ***(Ordinary Resolution 4)***
   iii) Dato' Siow Kim Lun ***(Ordinary Resolution 5)***

5. To re-elect Ms. Ho Lee Chen as a Director who retires pursuant to Clause 109 of the Company's Constitution. ***(Ordinary Resolution 6)***

6. To re-appoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 7)***

AS SPECIAL BUSINESS:
To consider and if thought fit, pass with or without any modifications, the following resolutions:-

7. **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR** ***(Ordinary Resolution 8)***

   "THAT subject to the passing of Ordinary Resolution 4, Mr. Chong Lee Chang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

8. **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR** ***(Ordinary Resolution 9)***

   "THAT Mr. Tan Chuan Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
cont'd

9. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** ***(Ordinary Resolution 10)***

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

10. **PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** ***(Ordinary Resolution 11)***

"THAT subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of any other relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company's issued share capital ("EITA Shares") through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of EITA Shares bought-back and/or held as treasury shares does not exceed ten per centum (10%) of the total number of issued shares of the Company subject to a restriction that the issued share capital of the Company does not fall below the public shareholding spread requirement of the Listing Requirements;

(ii) the maximum funds to be allocated for the share buy-back shall not exceed the aggregate of the retained earnings of the Company; and

(iii) the EITA Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority are to be treated in any of the following manner:

   (a) cancel the purchased EITA Shares;

   (b) retain the purchased EITA Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

   (c) retain part of the purchased EITA Shares as treasury shares and cancel the remainder,

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
cont'd

AND THAT such authority shall commence immediately upon the passing of this resolution until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or

(ii) the expiration of the period within which the next AGM after that date it is required by law to be held; or

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

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the EITA Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND FURTHER THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the EITA Shares."

11. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** ***Special Resolution***

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in "Appendix A" with immediate effect AND THAT the Directors and/or the Secretary of the Company be authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
cont'd

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Single-Tier Dividend of 3.0 sen per ordinary share in respect of the financial year ended 30 September 2018, if approved by the shareholders at the Twenty-Third Annual General Meeting of the Company, will be paid on 2 April 2019 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 19 March 2019.

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

(i) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 19 March 2019 in respect of ordinary transfers; and

(ii) Shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

TEA SOR HUA (MACS 01324)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
29 January 2019

Notes:

(a) A member of the Company who is entitled to attend, participate, speak and vote at the Twenty-Third Annual General Meeting ("Meeting") is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the Meeting in his stead. Where a member appoints up to two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(f) The instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
cont'd

(g) *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(c) of the Company's Constitution to issue a General Meeting Record of Depositors as at 21 February 2019. Only members whose names appear in the General Meeting Record of Depositors as at 21 February 2019 shall be entitled to attend, participate, speak and vote at the Meeting.*

(h) *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. Hence, this Agenda is not put forward for voting.

2. Item 3 of the Agenda - Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, the fee of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, Ordinary Resolution 2, if approved, will allow the Company to pay Directors' fees and benefits to the Non-Executive Directors for the financial year ending 30 September 2019.

3. Items 7 and 8 of the Agenda - Retention of Independent Non-Executive Directors

The Board had assessed the independence of Mr. Chong Lee Chang and Mr. Tan Chuan Hock, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that they have met the independence and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following reasons:

(a) they have declared and confirmed that they fulfilled the criteria under the definition of Independent Director as set out in Paragraph 1 of the Main Market Listing Requirements of Bursa Securities;
(b) they have vast experience in their respective industries which could provide the Board with a diverse set of experience, expertise and independent judgement;
(c) they have devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and
(d) they have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their duties in the best interest of the Company and shareholders of the Company.

4. Item 9 of the Agenda - General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 10 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
cont'd

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the general mandate granted to the Directors at the Twenty-Second AGM held on 23 February 2018 which will lapse at the conclusion of the Twenty-Third AGM.

5. Item 10 of the Agenda - Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution 11 proposed under item 10 of the Agenda is to renew the shareholders' mandate for the share buy-back by the Company. The said proposed renewal of shareholders' mandate will empower the Directors to buy-back and/or hold up to a maximum of ten per centum (10%) of the Company's total number of issued shares at any point of time, by utilising the amount allocated which shall not exceed the total retained profits of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

Please refer to the Share Buy-Back Statement to Shareholders dated 29 January 2019 for further details.

6. Item 11 of the Agenda - Proposed Amendments to the Constitution of the Company

The Special Resolution proposed under item 11 of the Agenda in relation to the proposed amendments to the existing Constitution of the Company are made mainly for the following purposes:-

(a) To ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and

(b) To provide clarity and consistency with the amendments that arise from the Companies Act 2016 and other relevant regulatory provisions.

This Special Resolution if passed, will allow the Company to alter or amend the whole of the existing Constitution by the replacement with the proposed new Constitution as per "Appendix A" in accordance with Section 36(1) of the Companies Act 2016. The "Appendix A" on the proposed new Constitution of the Company, which is circulated together with the Notice of AGM dated 29 January 2019, shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Twenty-Third AGM.

PROXY FORM

EITA RESOURCES BERHAD
(398748-T)
(Incorporated in Malaysia)

I/We*____NRIC/Company No.*____________________
(full name in capital letters)

of____
(full address)

Telephone No. ______________________________ being (a) member(s) of **EITA RESOURCES BERHAD** hereby

appoint(s)____NRIC No.____________________________
(full name in capital letters)

of____
(full address)

and/or*, ____NRIC No.____________________________
(full name in capital letters)

of____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty-Third Annual General Meeting of the Company to be held at Zamrud 2 Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 27 February 2019 at 10:30 a.m. or at any adjournment thereof.

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

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a Final Single-Tier Dividend of 3.0 sen per ordinary share for the financial year ended 30 September 2018.		
2.	To approve the payment of Directors' fees and benefits of up to RM331,225 for the financial year ending 30 September 2019.		
3.	To re-elect Mr. Fu Wing Hoong as a Director of the Company.		
4.	To re-elect Mr. Chong Lee Chang as a Director of the Company.		
5.	To re-elect Dato' Siow Kim Lun as a Director of the Company.		
6.	To re-elect Ms. Ho Lee Chen as a Director of the Company.		
7.	To re-appoint KPMG PLT as Auditors of the Company.		
8.	To retain Mr. Chong Lee Chang as an Independent Non-Executive Director of the Company.		
9.	To retain Mr. Tan Chuan Hock as an Independent Non-Executive Director of the Company.		
10.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
11.	To approve the Proposed Renewal of Share Buy-Back Authority.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company.		

* *delete whichever not applicable*

CDS Account No.	No. of Shares Held

Dated this ______ day of ______________________ 2019.

Percentage of shareholdings to be represented by the proxies:		
	No. of Shares	%
Proxy 1		
Proxy 2		
TOTAL		100

____
Signature/Common Seal of Member(s)

Fold This Flap For Sealing

Notes:

(a) A member of the Company who is entitled to attend, participate, speak and vote at the Twenty-Third Annual General Meeting ("Meeting") is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the Meeting in his stead. Where a member appoints up to two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(f) The instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(c) of the Company's Constitution to issue a General Meeting Record of Depositors as at 21 February 2019. Only members whose names appear in the General Meeting Record of Depositors as at 21 February 2019 shall be entitled to attend, participate, speak and vote at the Meeting.

(h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.

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AFFIX
STAMP

The Share Registrar

EITA RESOURCES BERHAD (398748-T)
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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