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SYF RESOURCES BERHAD

(Company No.: 364372-H)

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 JULY 2015

Registered office:
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business:
Kawasan Perindustrian Sungai Lalang
Lot 971, Jalan Vill
Mukim Semenyih
Jalan Sungai Lalang
43500 Semenyih
Selangor Darul Ehsan

Company No. | 364372 | H |

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 JULY 2015

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year		
- Attributable to owners of the parent	24,585	(302)

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company increased its:

(a) authorised share capital from RM200,000,000 to RM500,000,000 through the creation of 1,200,000,000 ordinary shares of RM0.25 each; and

(b) issued and paid-up ordinary share capital from RM69,145,000 to RM152,810,000 by way of :

  (i) issuance of private placement of 27,658,000 ordinary shares of RM0.25 each at issuance price of RM1.05 per share;

  (ii) bonus issue of 305,432,000 ordinary shares of RM0.25 each on the basis of one bonus share together with one warrant for every one existing ordinary share;

  (iii) exercise ESOS of 1,194,000 ordinary shares of RM0.25 each at issuance price of RM0.50 per share; and

  (iv) exercise ESOS of 376,000 ordinary shares of RM0.25 each at issuance price of RM0.25 per share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures during the financial year.

Treasury Shares

During the financial year, the Company resold 820,000 ordinary shares held as treasury shares on the Main Market of Bursa Malaysia Securities Berhad at an average price of RM1.03 per share. Further relevant details are disclosed in Note 16(b) to the financial statements.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

Employees' Share Option Scheme

At an extraordinary general meeting held on 1 March 2012, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issue share capital of the Company at the point in time throughout the duration of the scheme to eligible Directors and employees of the Group.

The ESOS became effective for a period of five years from 11 May 2012 to 8 April 2017. The salient features and other terms of the ESOS are disclosed in Note 28 to the financial statements.

The movement of option over unissued shares of the Company granted under ESOS during the financial year are disclosed in Note 28 to the financial statements.

Details of the options granted to Directors are disclosed in the section on Directors' Interests in this report.

Warrants

The warrants 2014/2019 were constituted under the Deed Poll dated 26 November 2014. The salient terms of the warrants are disclosed in Note 29 to the financial statements.

As at the end of the financial year, the Company has the following outstanding warrants:

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding at 31.7.2015
Warrant 2014/2019	RM0.70	11 December 2019	305,432,506

Directors

The Directors in office since the date of the last report are as follows:

Dato' Sri Ng Ah Chai
Dato' Sri Chee Hong Leong, JP
Dato' Sri Thong Kok Khee
Dr. Roslan Bin A. Ghaffar
Foo Lee Khean
Datuk Mohamed Arsad Bin Sehan
Cheong Yee Kiong
Dato' Wong Gian Kui (Alternate Director to Dato' Sri Thong Kok Khee)

Directors' Interests

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	At 1.8.2014	Acquired	Bonus Issue	Disposed	At 31.7.2015
SYF Resources Berhad					
Direct Interest					
Dato' Sri Ng Ah Chai	157,638,100	-	157,638,100	-	315,276,200
Dato' Sri Chee Hong Leong, JP	33,578,300	-	33,578,300	-	67,156,600
Cheong Yee Kiong	340,000	-	340,000	-	680,000
Indirect Interest					
Dato' Sri Thong Kok Khee *	27,500,000	55,000,000	27,500,000	55,000,000	55,000,000

	Number of options over ordinary shares of RM0.25 each			
	At 1.8.2014	Granted #	Exercised	At 31.7.2015
SYF Resources Berhad				
Direct Interest				
Dato' Sri Ng Ah Chai	1,500,000	1,500,000	-	3,000,000
Cheong Yee Kiong	1,440,000	1,440,000	-	2,880,000

 # Adjustment made due to alteration in capital structure by way of bonus issue

	Number of warrants 2014/2019			
	At 1.8.2014	Bonus Issue	Disposed	At 31.7.2015
SYF Resources Berhad				
Direct Interest				
Dato' Sri Ng Ah Chai	-	157,638,100	-	157,638,100
Dato' Sri Chee Hong Leong, JP	-	33,578,300	-	33,578,300
Cheong Yee Kiong	-	340,000	-	340,000
Indirect Interest				
Dato' Sri Thong Kok Khee *	-	27,500,000	1,800,000	25,700,000

Note:

***** *Deemed Interest pursuant to Section 6A of the Companies Act, 1965 via Insas Credit and Leasing Sdn Bhd, a wholly owned subsidiary of Insas Berhad.*

Directors' Interests

By virtue of their interest in the shares of the Company, Dato' Sri Ng Ah Chai, Dato' Sri Chee Hong Leong, JP, Cheong Yee Kiong and Dato' Sri Thong Kok Khee are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent the Company has an interest under section 6A of the Companies Act, 1965.

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments and rental received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for the deemed benefit which may arise from transactions entered into in the ordinary course of business as disclosed in Note 32(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the Company's ESOS.

Other Statutory Information

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance has been made for doubtful debts and there were no bad debts to be written off; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other Statutory Information (Cont'd)

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

(i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and of the Company.

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and

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

Significant Events

The significant events are disclosed in Note 36 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 October 2015.

DATO' SRI NG AH CHAI

CHEONG YEE KIONG

KUALA LUMPUR

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 13 to 108 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 38 to the financial statements on page 109 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 October 2015.

DATO' SRI NG AH CHAI

CHEONG YEE KIONG

KUALA LUMPUR

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, LEE OON KAR, being the officer primarily responsible for the financial management of SYF Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 109 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 30 October 2015)

LEE OON KAR

Before me,

COMMISSIONER FOR OATHS MALAYSIA
W 400
LEONG CHIEW KEONG

COMMISSIONER FOR OATHS

Suite 8-8-2, Menara Mutiara Bangsar
Jalan Liku, Off Jalan Riong
Bangsar,
59100 Kuala Lumpur

UHY (AF1411)
Chartered Accountants
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Lingkaran Syed Putra
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYF RESOURCES BERHAD
(Company No.: 364372-H)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of SYF Resources Berhad, which comprise the statements of financial position as at 31 July 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 13 to 108.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYF RESOURCES BERHAD (CONT'D)
(Company No.: 364372-H)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYF RESOURCES BERHAD (CONT'D)
(Company No.: 364372-H)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/16 (J)
Chartered Accountant

KUALA LUMPUR

30 October 2015

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	196,966	172,568	-	-
Investment in subsidiary companies	5	-	-	64,579	64,579
Deferred tax assets	6	700	700	-	-
		197,666	173,268	64,579	64,579
Current Assets					
Land and property development costs	7	61,687	20,935	-	-
Inventories	8	68,741	65,321	-	-
Trade receivables	9	65,515	16,169	-	-
Other receivables	10	25,209	25,782	-	37
Derivative financial assets	11	-	700	-	-
Amount owing by subsidiary companies	12	-	-	114,030	84,851
Tax recoverable		1	1	-	-
Fixed deposit with a licensed bank	13	1,905	-	-	-
Cash and bank balances	14	5,389	5,981	134	284
		228,447	134,889	114,164	85,172
Total Assets		426,113	308,157	178,743	149,751

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2015 (CONT'D)**

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	15	152,810	69,145	152,810	69,145
Reserves	16	88,792	118,226	25,737	80,058
Total Equity		241,602	187,371	178,547	149,203
Non-Current Liabilities					
Finance lease liabilities	17	3,910	1,217	-	-
Bank borrowings	18	32,992	27,071	-	-
Deferred tax liabilities	6	13,014	10,839	-	-
		49,916	39,127	-	-
Current Liabilities					
Trade payables	19	46,438	23,899	-	-
Other payables	20	25,061	22,404	196	548
Derivative financial liabilities	11	857	-	-	-
Finance lease liabilities	17	3,318	599	-	-
Bank borrowings	18	53,197	31,978	-	-
Tax payable		5,724	2,779	-	-
		134,595	81,659	196	548
Total Liabilities		184,511	120,786	196	548
Total Equity and Liabilities		426,113	308,157	178,743	149,751

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

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	316,240	277,129	160	20,080
Cost of sales	22	(255,609)	(234,565)	-	-
Gross profit		60,631	42,564	160	20,080
Other income		756	2,461	-	11,500
Distribution expenses		(11,376)	(7,962)	-	-
Administrative expenses		(13,807)	(6,416)	(462)	(1,199)
Finance costs	23	(4,939)	(3,631)	-	-
Profit/(Loss) before taxation	24	31,265	27,016	(302)	30,381
Taxation	25	(6,680)	(5,318)	-	-
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year - attributable to the owners of the parents		24,585	21,698	(302)	30,381
Earnings per share attributable to owners of the parent (sen):	26				
Basic		4.0	3.7		
Diluted		4.0	3.7		

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

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

		Attributable to Owners of the Parent					
		Non -Distributable				Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Group							
At 1 August 2013		68,281	15,941	(7)	39,954	40,263	164,432
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	21,698	21,698
Realisation of assets revaluation reserve		-	-	-	(405)	405	-
Transactions with owners:							
Employees' Share Options	15	864	864	-	-	-	1,728
Shares repurchased	16(b)	-	-	(487)	-	-	(487)
Total transactions with owners		864	864	(487)	-	-	1,241
At 31 July 2014		69,145	16,805	(494)	39,549	62,366	187,371

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)**

		Attributable to Owners of the Parent					
		Non -Distributable				Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Group							
At 1 August 2014		69,145	16,805	(494)	39,549	62,366	187,371
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	24,585	24,585
Realisation of assets revaluation reserve		-	-	-	(407)	407	-
Transactions with owners:							
Employees' Share Options	15	392	299	-	-	-	691
Disposal of treasury shares	16(b)	-	350	494	-	-	844
Private placement		6,915	22,126	-	-	-	29,041
Bonus issue		76,358	(38,650)	-	-	(37,708)	-
Share issuance expenses		-	(930)	-	-	-	(930)
Total transactions with owners		83,665	(16,805)	494	-	(37,708)	29,646
At 31 July 2015		152,810	-	-	39,142	49,650	241,602

SYF RESOURCES BERHAD
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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		Non-Distributable			Distributable	
	Note	**Share Capital RM'000**	**Share Premium RM'000**	**Treasury Shares RM'000**	**Retained Earnings RM'000**	**Total Equity RM'000**
Company						
At 1 August 2013		68,281	15,941	(7)	33,366	117,581
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	30,381	30,381
Transactions with owners:						
Employees' Share Options	15	864	864	-	-	1,728
Shares repurchased	16(b)	-	-	(487)	-	(487)
Total transactions with owners		864	864	(487)	-	1,241
At 31 July 2014		69,145	16,805	(494)	63,747	149,203
At 1 August 2014		69,145	16,805	(494)	63,747	149,203
Net loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(302)	(302)
Transactions with owners:						
Employees' Share Options	15	392	299	-	-	691
Disposal of treasury shares	16(b)	-	350	494	-	844
Private placement		6,915	22,126	-	-	29,041
Bonus issue		76,358	(38,650)	-	(37,708)	-
Share issuance expenses		-	(930)	-	-	(930)
Total transactions with owners		83,665	(16,805)	494	(37,708)	29,646
At 31 July 2015		152,810	-	-	25,737	178,547

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

SYF RESOURCES BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		31,265	27,016	(302)	30,381
Adjustment for:					
Bad debts written off		-	46	-	-
Depreciation of property, plant and equipment		8,632	7,925	-	-
Impairment on:					
- investment in a subsidiary company		-	-	-	2,500
- trade receivables		80	61	-	-
Inventories written down		96	280	-	-
Interest expenses		4,939	3,631	-	-
Property, plant and equipment written off		-	86	-	-
Loss/(Gain) on disposal of property, plant and equipment		18	(196)	-	-
Interest income		(14)	(3)	-	-
Loss/(Gain) on foreign exchange - unrealised		1,122	(143)	-	-
Loss/(Gain) on derivative financial assets/ liabilities		1,557	(1,477)	-	-
Reversal of inventories written down		(81)	-	-	-
Reversal of impairment on investment in a subsidiary company		-	-	-	(14,000)
Reversal of impairment on trade receivables		(600)	-	-	-
Operating profit/(loss) before working capital changes		47,014	37,226	(302)	18,881

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Operating profit/(loss) before working capital changes (Cont'd)		47,014	37,226	(302)	18,881
Change in working capital:					
Land and property development costs		(40,752)	(14,419)	-	-
Inventories		(3,435)	(8,799)	-	-
Trade receivables		(48,697)	(4,889)	-	-
Other receivables		1,507	(7,829)	37	(37)
Trade payables		21,605	3,983	-	-
Other payables		2,289	10,733	(352)	191
Amount owing by subsidiary companies		-	-	(29,179)	(17,172)
		(67,483)	(21,220)	(29,494)	(17,018)
Cash (used in)/generated from operations		(20,469)	16,006	(29,796)	1,863
Interest paid		(4,939)	(3,631)	-	-
Tax paid		(1,560)	(856)	-	-
Tax refund		1	30	-	-
		(6,498)	(4,457)	-	-
Net cash (used in)/from operating activities		(26,967)	11,549	(29,796)	1,863
Cash Flows From Investing Activities					
Interest income		14	3	-	-
Investment in a subsidiary company		-	-	-	(3,000)
Proceeds from disposal of property, plant and equipment		274	326	-	-
Purchase of property, plant and equipment	4(f)	(26,769)	(21,584)	-	-
Net cash used in investing activities		(26,481)	(21,255)	-	(3,000)

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015 (CONT'D)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities					
Drawdown of bank borrowings		39,944	16,000	-	-
Purchase from treasury shares		-	(487)	-	(487)
Proceeds from sale of treasury shares		844	-	844	-
Proceeds from private placement		29,041	-	29,041	-
Proceeds from exercised of ESOS		691	1,728	691	1,728
Share issuance expenses		(930)	-	(930)	-
Repayment of bank borrowings		(13,772)	(3,956)	-	-
Repayment of finance lease liabilities		(1,141)	(512)	-	-
Increase/(Decrease) in fixed deposits pledged with a licensed bank		(1,585)	221	-	-
Net cash from financing activities		53,092	12,994	29,646	1,241
Net (decrease)/increase in cash and cash equivalents		(356)	3,288	(150)	104
Cash and cash equivalents at the beginning of the financial year		(4,447)	(7,735)	284	180
Cash and cash equivalents at the end of the financial year		(4,803)	(4,447)	134	284
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposit with a licensed bank		1,905	-	-	-
Cash and bank balances		5,389	5,981	134	284
Bank overdrafts		(10,192)	(10,428)	-	-
		(2,898)	(4,447)	134	284
Less: Fixed deposit pledged with a licensed bank		(1,905)	-	-	-
		(4,803)	(4,447)	134	284

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. **Corporate Information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 5. There have been no significant changes in the nature of these activities during the financial year.

The principal place of business of the Company is located at Kawasan Perindustrian Sungai Lalang, Lot 971, Jalan Vill, Mukim Semenyih, Jalan Sungai Lalang, 43500 Semenyih, Selangor Darul Ehsan.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

2. **Basis of Preparation**

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards and IC Interpretation

During the financial year, the Group and the Company have adopted the following amendments to FRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies
Amendments to FRS 119	Defined Benefits Plan: Employee Contributions

Annual Improvements to FRSs 2010-2012 Cycle

Annual Improvements to FRSs 2011-2013 Cycle

Adoption of above amendments to FRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and of the Company.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Company:

		Effective date for financial periods beginning on or after
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group and the Company intend to adopt the above FRSs when they become effective.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting FRS 9.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 July 2019. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 July 2015 could be different if prepared under the MFRS Framework.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values have been rounded to the nearest thousand except when otherwise stated.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

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

(i) **Judgments**

There are no significant areas of critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

(ii) **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

<u>Useful lives of property, plant and equipment</u>

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment are disclosed in Note 4.

<u>Impairment of property, plant and equipment</u>

The Group assesses whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

(ii) **Key sources of estimation uncertainty (Cont'd)**

Impairment of investment in subsidiary companies

The Company has recognised impairment loss in respect of its investment in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investment in subsidiary companies belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 5.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant 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 together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 6.

Property development costs

The Group recognises property development revenue and expenses in the statements of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 7.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting estimates and judgements (Cont'd)

(ii) **Key sources of estimation uncertainty (Cont'd)**

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand level and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 9, 10 and 12.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 28.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting estimates and judgements (Cont'd)

(ii) **Key sources of estimation uncertainty (Cont'd)**

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 25.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group, for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 30.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 34(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 *Financial Instruments: Recognition and Measurement* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

(ii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

3. **Significant Accounting Policies (Cont'd)**

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(g)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

3. **Significant Accounting Policies (Cont'd)**

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

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

3. **Significant Accounting Policies (Cont'd)**

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

(iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following principal annual rates as follows:

Freehold buildings and building improvements	2%
Leasehold land	Over the remaining lease period
Leasehold buildings	2%
Office equipment, furniture and fittings	5% - 20%
Renovation and electrical upgrade	2% - 5%
Tools and machinery	8% to 10%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(c) Land and property development costs

(i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(g)(i).

Land held for property development is reclassified as current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of the reporting period and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

3. **Significant Accounting Policies (Cont'd)**

(c) Land and property development costs (Cont'd)

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of the reporting period or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of the reporting period or where the activities are expected to be completed within the normal operating cycle.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the statements of comprehensive income by using the stage of completion. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project including costs to be incurred over the defects liability period shall be recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which measured at the lower of cost and net realisable value.

When the revenue recognised in the statements of comprehensive income exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the statements of comprehensive income, the balance is shown as progress billings under current liabilities.

3. **Significant Accounting Policies (Cont'd)**

(d) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(d) Financial assets (Cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Derecognition of financial assets

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(e) Inventories

Raw materials, consumables, work-in-progress, finished goods and completed properties are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(g) Impairment on assets

(i) Non-financial assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to 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.

3. **Significant Accounting Policies (Cont’d)**

(g) Impairment on assets (Cont’d)

(i) Non-financial assets (Cont’d)

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 cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to group of cash-generating units and then to reduce the carrying amounts of the other assets in group 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 only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. **Significant Accounting Policies (Cont'd)**

(g) Impairment on assets (Cont'd)

(ii) Financial assets

All financial assets, other than those categorised at fair value through profit or loss and investments in subsidiaries companies, are assessed at the end of each reporting period 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset 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 reversal is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(h) Financial liabilities

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

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

(ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. **Significant Accounting Policies (Cont'd)**

(h) Financial liabilities (Cont'd)

(iii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. **Significant Accounting Policies (Cont'd)**

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. 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 finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. 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 a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

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

3. **Significant Accounting Policies (Cont'd)**

(k) Share capital

(i) Ordinary shares

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

Interim dividends on ordinary shares are recognised as liabilities when declared. Proposed final dividends are accrued as liabilities only after approval by shareholders.

(ii) Treasury shares

When issued share of the Company are 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 are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

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.

3. **Significant Accounting Policies (Cont'd)**

(l) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

3. **Significant Accounting Policies (Cont'd)**

(m) Revenue

(i) Sales of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods 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.

(ii) Property development

Revenue derived from property development activities are recognised based on the percentage of completion method. This stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(vi) Management fee

Management fee is recognised on accrual basis when services are rendered.

3. **Significant Accounting Policies (Cont'd)**

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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.

(o) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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 years.

Deferred tax is recognised using the liability method for all 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 temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which 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.

3. **Significant Accounting Policies (Cont'd)**

(o) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. **Significant Accounting Policies (Cont'd)**

(p) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share based compensation

Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3. **Significant Accounting Policies (Cont'd)**

(q) Earnings per share

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

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Contingent liabilities

Where it is not probable that an inflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent asset or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. Property, Plant and Equipment

	At Valuation			At Cost							
	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Leasehold land and buildings RM'000	Office equipment, furniture and fittings RM'000	Renovation and electrical upgrade RM'000	Tools and machinery RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2015											
Group											
Cost/Valuation											
At 1 August 2014	37,645	3,800	70,260	13,850	8,924	6,154	577	67,138	3,531	10,670	222,549
Additions	-	-	-	-	133	110	15	13,393	477	19,194	33,322
Disposals	-	-	-	-	-	-	-	(404)	(30)	-	(434)
At 31 July 2015	37,645	3,800	70,260	13,850	9,057	6,264	592	80,127	3,978	29,864	255,437
Accumulated depreciation											
At 1 August 2014	-	107	2,976	2,499	313	3,151	94	38,462	1,664	-	49,266
Charge for the financial year	-	46	1,405	252	161	445	13	5,634	676	-	8,632
Disposals	-	-	-	-	-	-	-	(112)	(30)	-	(142)
At 31 July 2015	-	153	4,381	2,751	474	3,596	107	43,984	2,310	-	57,756

4. **Property, Plant and Equipment (Cont'd)**

	At Valuation			At Cost							
	Freehold land RM'000	**Leasehold land RM'000**	**Freehold buildings RM'000**	**Freehold buildings and building improvements RM'000**	**Leasehold land and buildings RM'000**	**Office equipment, furniture and fittings RM'000**	**Renovation and electrical upgrade RM'000**	**Tools and machinery RM'000**	**Motor vehicles RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
2015											
Group											
Accumulated impairment losses											
At 1 August 2014/ 31 July 2015	-	-	-	715	-	-	-	-	-	-	715
Carrying amount											
At 31 July 2015	37,645	3,647	65,879	10,384	8,583	2,668	485	36,143	1,668	29,864	196,966

4. Property, Plant and Equipment (Cont'd)

	At Valuation			At Cost							
	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Leasehold land and building RM'000	Office equipment, furniture and fittings RM'000	Renovation and electrical upgrade RM'000	Tools and machinery RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2014											
Group											
Cost/Valuation											
At 1 August 2013	37,645	3,800	70,260	12,555	2,965	5,874	547	65,020	3,305	-	201,971
Additions	-	-	-	1,295	5,959	280	30	4,107	720	10,670	23,061
Disposals	-	-	-	-	-	-	-	(1,989)	(380)	-	(2,369)
Written off	-	-	-	-	-	-	-	-	(114)	-	(114)
At 31 July 2014	37,645	3,800	70,260	13,850	8,924	6,154	577	67,138	3,531	10,670	222,549
Accumulated depreciation											
At 1 August 2013	-	55	1,571	2,240	198	2,717	82	35,264	1,481	-	43,608
Charge for the financial year	-	52	1,405	259	115	434	12	5,067	581	-	7,925
Disposals	-	-	-	-	-	-	-	(1,869)	(370)	-	(2,239)
Written off	-	-	-	-	-	-	-	-	(28)	-	(28)
At 31 July 2014	-	107	2,976	2,499	313	3,151	94	38,462	1,664	-	49,266

4. Property, Plant and Equipment (Cont'd)

	At Valuation			At Cost							
	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Leasehold land and building RM'000	Office equipment, furniture and fittings RM'000	Renovation and electrical upgrade RM'000	Tools and machinery RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2014											
Group											
Accumulated impairment losses											
At 1 August 2013/ 31 July 2014	-	-	-	715	-	-	-	-	-	-	715
Carrying amount											
At 31 July 2014	37,645	3,693	67,284	10,636	8,611	3,003	483	28,676	1,867	10,670	172,568

4. **Property, Plant and Equipment (Cont'd)**

(a) Certain freehold land, freehold buildings and building improvements, leasehold land and buildings of the Group with carrying amount of RM107,143,000 (2014: RM108,627,000) have been pledged to licensed banks as securities for credit facilities granted to the Group as disclosed in Note 18(a).

(b) The carrying amount of property, plant and equipment of the Group held under finance leases are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Motor vehicles	1,305	1,512
Plant and machinery	9,952	674
	11,257	2,186

The leased assets are pledged as securities for the related finance lease liabilities as disclosed in Note 17.

(c) Included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM545,970 (2014: RM861,000) held in trust under the name of a Director and a spouse of a Director.

(d) The leasehold land, freehold land and freehold buildings of the Group were revalued by independent professional qualified valuers, Raine & Horne International Zaki + Partners Sdn. Bhd. in May 2012 and KGV International Property Consultants (M) Sdn. Bhd. in December 2011 respectively, using the open market value method.

(e) Had the revalued property been included in the financial statements at cost less accumulated depreciation and accumulated impairment, the carrying amount of the revalued property would have been as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Leasehold land	1,917	1,943
Freehold land	8,043	8,043
Buildings	50,758	52,002
	60,718	61,988

4. **Property, Plant and Equipment (Cont'd)**

(f) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance leases, reclassified from other receivables and cash payments are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Aggregate costs	33,322	23,061
Less : Finance leases	(6,553)	(1,027)
Reclassified from other receivables	-	(450)
Cash payments	26,769	21,584

(g) The remaining lease terms of the leasehold land range from 74 to 81 (2014: 75 to 82) years.

5. **Investment in Subsidiary Companies**

	Company 2015 RM'000	Company 2014 RM'000
In Malaysia		
Unquoted shares, at cost		
At 1 August	83,070	80,070
Additions	-	3,000
At 31 July	83,070	83,070
Less : Accumulated impairment		
At 1 August	(18,491)	(29,991)
Impairment made	-	(2,500)
Reversal of impairment	-	14,000
At 31 July	(18,491)	(18,491)
	64,579	64,579

5. **Investments in Subsidiary Companies (Cont'd)**

The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2015 %	2014 %	Principal activities
Direct holding:				
Seng Yip Furniture Sdn. Bhd.	Malaysia	100	100	Manufacture and export of moulded timber, furniture products and timber treatment processing
Tomisho Sdn. Bhd.	Malaysia	100	100	Manufacture and export of furniture and component parts
SYF Venture Sdn. Bhd.	Malaysia	100	100	Investment holding
Great Platform Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of particle board and medium-density fibreboard
Popular Vantage Sdn. Bhd.	Malaysia	100	-	Dormant
Indirect holding:				
Subsidiary companies of SYF Venture Sdn. Bhd.				
SYF Development Sdn. Bhd.	Malaysia	100	100	Property development
SYF Construction Sdn. Bhd. (formerly known as Seng Yip Timber Sdn. Bhd.)	Malaysia	100	100	Dormant
SYF Plantation Sdn. Bhd.	Malaysia	100	100	Dormant

5. **Investments in Subsidiary Companies (Cont'd)**

The subsidiary companies and shareholdings therein are as follows (Cont'd):

Name of company	Country of incorporation	Effective interest 2015 %	2014 %	Principal activities
Indirect holding: Subsidiary companies of SYF Development Sdn. Bhd.				
Nikmat Sekitar Sdn. Bhd.	Malaysia	100	-	Dormant
Nuri Meriah Sdn. Bhd.	Malaysia	100	-	Dormant

(a) Acquisition of subsidiary companies

(i) On 4 December 2014, the Company acquired the entire equity interest in Popular Vantage Sdn. Bhd. ("Popular Vantage") for a total cash consideration of RM2. As a result of this acquisition, Popular Vantage became a wholly-owned subsidiary company of the Company.

(ii) On 20 July 2015, the SYF Development Sdn. Bhd. ("SYF Development") acquired the entire equity interest in Nikmat Sekitar Sdn. Bhd. ("Nikmat Sekitar") and Nuri Meriah Sdn. Bhd. ("Nuri Meriah") for a total consideration of RM2 each. As a result of this acquisition, Nikmat Sekitar and Nuri Meriah became wholly-owned subsidiary companies of SYF Development.

(b) Effects of acquisition of subsidiary companies

The acquisition had the following impact on the financial results of the Group for the current financial year:

	2015 RM'000
Cash on hand, representing total cost of acquisition	*

* *Denotes RM6*

5. **Investments in Subsidiary Companies (Cont'd)**

(b) Effects of acquisition of subsidiary companies (Cont'd)

Net cash outflow arising from acquisition of subsidiary companies

	2015 RM'000
Purchase consideration settled in cash	*
Cash and cash equivalents acquired	*
	-

∗ *Denotes RM6*

Impact of the acquisition on the statements of profit or loss and other comprehensive income

From the date of acquisition, the acquired subsidiary companies have decreased the Group's profit for the financial year by RM10,000. If the combination had taken place at the beginning of the financial year, the Group's profit for the financial year would have been decreased by RM10,000.

6. **Deferred Tax (Assets)/Liabilities**

(a) Deferred tax assets

	Group	
	2015 RM'000	**2014 RM'000**
At 1 August/31 July	(700)	(700)

The net deferred tax assets and liability shown on the statements of financial position after appropriate offsetting are as follow:

	Group	
	2015 RM'000	**2014 RM'000**
Deferred tax assets	(1,302)	(1,439)
Deferred tax liability	602	739
	(700)	(700)

6. **Deferred Tax (Assets)/Liabilities (Cont'd)**

(a) Deferred tax assets (Cont'd)

The components and movements of the deferred tax assets and liability are as follows:

Deferred tax assets of the Group:

	Other temporary differences RM'000	**Unutilised capital allowances RM'000**	**Unutilised reinvestment allowances RM'000**	**Unused tax losses RM'000**	**Total RM'000**
At 1 August 2014	(158)	-	(974)	(307)	(1,439)
Recognised in profit or loss	(158)	-	377	(190)	29
Under provision in prior year	42	-	(241)	307	108
At 31 July 2015	(274)	-	(838)	(190)	(1,302)
At 1 August 2013	(154)	(81)	(1,067)	-	(1,302)
Recognised in profit or loss	(4)	81	93	(307)	(137)
At 31 July 2014	(158)	-	(974)	(307)	(1,439)

Deferred tax liability of the Group:

	2015 RM'000	**2014 RM'000**
Accelerated capital allowances		
At 1 August	739	602
Recognised in profit or loss	(29)	137
Over provision in prior year	(108)	-
At 31 July	602	739

6. **Deferred Tax (Assets)/Liabilities (Cont'd)**

(b) Deferred tax liabilities

		Group	
	Note	**2015 RM'000**	**2014 RM'000**
At 1 August		10,839	8,938
Recognised in profit or loss	25	2,486	2,121
Over provision in prior year		(311)	(220)
At 31 July		13,014	10,839

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follow:

	Group	
	2015 RM'000	**2014 RM'000**
Deferred tax liabilities	16,313	16,005
Deferred tax assets	(3,299)	(5,166)
	13,014	10,839

The components and movements of the deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM'000	**Revaluation surplus RM'000**	**Other temporary differences RM'000**	**Total RM'000**
At 1 August 2014	7,582	8,423	-	16,005
Recognised in	577	(225)	(14)	338
profit or loss	-	-	-	-
(Over)/Under provision				
in prior year	(44)	-	14	(30)
At 31 July 2015	8,115	8,198	-	16,313
At 1 August 2013	7,777	9,034	-	16,811
Recognised in	(214)	(611)	-	(825)
profit or loss	-	-	-	-
Under provision				
in prior year	19	-	-	19
At 31 July 2014	7,582	8,423	-	16,005

6. **Deferred Tax (Assets)/Liabilities (Cont'd)**

(b) Deferred tax liabilities (Cont'd)

The components and movements of the deferred tax liabilities and assets are as follows (Cont'd):

<u>Deferred tax assets of the Group:</u>

	Other temporary differences RM'000	Unutilised capital allowances RM'000	Unutilised reinvestment allowances RM'000	Unused tax losses RM'000	Total RM'000
At 1 August 2014	283	(1,671)	(3,395)	(383)	(5,166)
Recognised in profit or loss	(910)	895	2,743	(580)	2,148
Under provision in prior year	-	(229)	(37)	(15)	(281)
At 31 July 2015	(627)	(1,005)	(689)	(978)	(3,299)
At 1 August 2013	(174)	(1,628)	(5,208)	(863)	(7,873)
Recognised in profit or loss	457	(39)	1,769	759	2,946
(Under)/Over provision in prior year	-	(4)	44	(279)	(239)
At 31 July 2014	283	(1,671)	(3,395)	(383)	(5,166)

The deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised capital allowances	696	879	-	-
Unutilised reinvestment allowances	2,978	4,203	-	-
Unused tax losses	12,672	16,294	1,236	1,305
	16,346	21,376	1,236	1,305

7. Land and Property Development Costs

	Group 2015 RM'000	Group 2014 RM'000
Freehold lands, at cost		
At 1 August	22,645	6,040
(Reversal)/Addition during the financial year	(18)	16,605
Transferred to profit or loss	(6,021)	-
At 31 July	16,606	22,645
Property development costs		
At 1 August	80,121	43,476
Addition during the financial year	106,612	36,645
Transferred to profit or loss	(85,573)	-
At 31 July	101,160	80,121
Less: Costs recognised as expense in profit or loss during the financial year		
At 1 August	81,831	43,000
Recognised during the financial year	65,537	38,831
Transferred from profit or loss	(91,289)	-
At 31 July	56,079	81,831
Total land and property development costs	61,687	20,935

(a) Included in the land held for development of the Group are freehold land of RM16,605,000 (2014: RM16,605,000) pledged as security for credit facilities granted to a subsidiary Company as disclosed in Note 18(a).

(b) On 15 November 2011, a subsidiary company has entered into a Joint Venture Agreement (“JVA”) with related parties as disclosed in Note 32(b) and third parties (“the Landowners”) to jointly develop the four pieces of freehold land. The Landowners are entitled to an agreed percentage of Gross Development Value as specified in the JVA.

(c) On 15 November 2011, a subsidiary Company had entered into a JVA with Astana Baru Sdn. Bhd., (“the Landowner”), a company in which certain Directors of the Company have substantial financial interest to jointly develop a piece of freehold land. The Landowner is entitled to an agreed sum as specified in the JVA.

(d) On 21 July 2014, a subsidiary company has entered into a JVA with Luxmark View Sdn. Bhd. and Sheeco Properties Sdn. Bhd. (“the Landowners”) to jointly develop the three pieces of freehold land. The Landowners are entitled to an agreed sum as specified in the JVA.

8. Inventories

	Group 2015 RM'000	Group 2014 RM'000
Raw material	16,679	20,679
Consumables	2,111	1,466
Work-in-progress	37,882	34,632
Finished goods	11,511	8,544
Goods-in-transit	558	-
	68,741	65,321

During the financial year, the Group has recognised the following:

	Group 2015 RM'000	Group 2014 RM'000
Inventories written down	96	280
Reversal of inventories written down	(81)	-

9. Trade Receivables

	Group 2015 RM'000	Group 2014 RM'000
Trade receivables	27,419	14,503
Less: Accumulated impairment	(414)	(980)
	27,005	13,523
Accrued billings in respect of property development costs	38,510	2,646
	65,515	16,169

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group's normal trade credit terms range from 1 to 90 days (2014: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The trade receivable of the Group amounting to RM300,000 (2014: Nil) is secured by bank guarantee made in favour of a subsidiary company.

9. **Trade Receivables (Cont'd)**

The Group's credit exposures are concentrated mainly on 6 (2014: 5) debtors, which accounted for 14.3% (2014: 21.0%) of total trade receivables.

Analysis of the trade receivables ageing at the end of the reporting period is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Neither past due nor impaired	20,419	11,471
Past due but not impaired:		
Less than 30 days	1,938	590
31 to 60 days	624	317
More than 60 days	4,024	1,145
	6,586	2,052
	27,005	13,523
Impaired	414	980
	27,419	14,503

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

As at 31 July 2015, the Group's trade receivables of RM6,586,000 (2014: RM2,052,000) past due but not impaired and are unsecured in nature. As per Directors, these relate to a number of independent customers from whom there is no recent history of default. Included in trade receivables of the Group is RM4,549,000 (2014: RM3,730,000) that are past due but not impaired which were related to sales of properties. The Group has not made any impairment on its past due receivables as the Directors are of the view that most of the purchasers have obtained financing subsequently. The ownership of the titles will only be transferred to the purchasers upon full settlement of purchase price.

Movements in impairment on trade receivables are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 August	980	1,081
Impairment during the financial year	80	61
Amount written off	(46)	(162)
Reversal of impairment	(600)	-
At 31 July	414	980

Trade receivables that are individually assessed to be impaired amounting to RM414,000 (2014: RM980,000) related to customers that have defaulted on payments. This balance is expected to be recovered through debts recovery process.

10. **Other Receivables**

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables	14,528	17,864	-	37
Less: Accumulated impairment	(40)	(40)	-	-
	14,488	17,824	-	37
Deposits	7,789	3,283	-	-
Prepayments	2,932	4,675	-	-
	25,209	25,782	-	37

Included in the other receivables of the Group are advances to contractors for property development project and advances paid to landowners for the proposed joint venture as disclosed in Note 7 amounting to RM5,616,000 (2014: RM14,663,200) and Nil (2014: RM1,000,000) respectively.

Included in the deposits of the Group are RM2,616,000 (2014: Nil) paid for the acquisition of land held for property development by a subsidiary company.

Included in the prepayments of the Group are prepayment for extraction of rubberwood timber amounting to RM1,803,000 (2014: RM3,136,000).

11. **Derivative Financial (Liabilities)/Assets**

	Group			
	2015		**2014**	
	Contract/ Notional Amount USD'000	**Financial Liabilities RM'000**	**Contract/ Notional Amount USD'000**	**Financial Assets RM'000**
Non-hedging derivative:				
Current				
Forward currency contracts	8,090	(857)	6,110	700

The Group has forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

11. **Derivative Financial (Liabilities)/Assets (Cont'd)**

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at the end of the reporting period, extending to June 2016 (2014: August 2015).

During the financial year, the Group recognised a loss of RM1,557,000 (2014: gain of RM1,477,000) arising from fair value changes of derivative assets/liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

12. **Amount Owing by/(to) Subsidiary Companies**

	Company	
	2015	**2014**
	RM'000	**RM'000**
Amount owing by subsidiary companies	121,030	91,851
Less: Accumulated impairment	(7,000)	(7,000)
	114,030	84,851

Movements in the allowance for impairment loss are as follows:

	Company	
	2015	**2014**
	RM'000	**RM'000**
At 1 August/31 July	7,000	7,000

This represents unsecured, interest free advances and is repayable on demand.

13. **Fixed Deposit with a Licensed Bank**

The fixed deposit of the Group was pledged as security for the credit facilities granted to the Group as disclosed in Note 18(b).

The maturity of the fixed deposit with a licensed bank is 365 (2014: nil) days.

14. **Cash and Bank Balances**

Included in the cash and bank balances of the Company is an amount of RM927,000 (2014: Nil) maintain under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

15. **Share Capital**

	Group/Company			
	Number of shares ('000)		Amount	
	2015 Units	2014 Units	2015 RM'000	2014 RM'000
Ordinary shares of RM0.25 each				
Authorised:				
At 1 August	800,000	800,000	200,000	200,000
Created during the financial year	1,200,000	-	300,000	-
At 1 August/31 July	2,000,000	800,000	500,000	200,000
Issued and fully paid				
At 1 August	276,581	273,126	69,145	68,281
Exercised of ESOS	1,570	3,455	392	864
Bonus issue	305,432	-	76,358	-
Private placement	27,658	-	6,915	-
At 31 July	611,241	276,581	152,810	69,145

During the financial year, the Company increased its:

(a) authorised share capital from RM200,000,000 to RM500,000,000 through the creation of 1,200,000,000 shares of RM0.25 each; and

(b) issued and paid-up ordinary share capital from RM69,145,000 to RM152,810,000 by way of :

(i) issuance of private placement of 27,658,000 ordinary shares of RM0.25 each at issuance price of RM1.05 per share;

(ii) bonus issue of 305,432,000 ordinary shares of RM0.25 each on the basis of one bonus share together with one warrant for every one existing share;

(iii) exercise ESOS of 1,194,000 ordinary shares of RM0.25 each at issuance price of RM0.50 per share; and

(iv) exercise ESOS of 376,000 ordinary shares of RM0.25 each at issuance price of RM0.25 per share.

15. **Share Capital (Cont'd)**

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

16. **Reserves**

	Group		**Company**	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-distributable:				
Share premium	-	16,805	-	16,805
Assets revaluation reserve [Note (a)]	39,142	39,549	-	-
Treasury shares [Note (b)]	-	(494)	-	(494)
	39,142	55,860	-	16,311
Distributable:				
Retained earnings	49,650	62,366	25,737	63,747
	88,792	118,226	25,737	80,058

The movements in the reserves are reflected in the statements of changes in equity.

(a) Assets revaluation reserve

Assets revaluation reserve arose from the revaluation of leasehold land, freehold land and buildings of the subsidiary companies, net of tax, and are not available for distribution as dividends to the shareholders.

16. **Reserves (Cont'd)**

(b) Treasury shares

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 9 January 2015, renewed their approval for 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 interest of the Company and its shareholders.

	Group/Company			
	Number of shares ('000)		**Amount**	
	2015 Units	**2014 Units**	**2015 RM'000**	**2014 RM'000**
At 1 August	820	10	494	7
Own shares acquired	-	810	-	487
Sale of treasury shares	(820)	-	(494)	-
At 31 July	-	820	-	494

During the financial year, the Company resold 820,000 ordinary shares held as treasury shares on the Main Market of Bursa Malaysia Securities Berhad at an average price of RM1.03 per share.

Details of the resale of treasury shares during the current financial year are as follows:

	Average price RM	**Highest price RM**	**Lowest price RM**	**Number of shares resold Units ('000)**	**Cost RM'000**
2015					
December 2014	1.03	1.05	1.02	820	494

	Average price RM	**Highest price RM**	**Lowest price RM**	**Number of shares repurchased Units ('000)**	**Cost RM'000**
2014					
August 2013	0.60	0.60	0.58	150	89
September 2013	0.60	0.60	0.59	306	183
October 2013	0.61	0.61	0.60	354	215
				810	487

17. Finance Lease Liabilities

	Group	
	2015	**2014**
	RM'000	**RM'000**
Minimum lease payments		
Repayable within one year	3,707	672
Repayable between one and two years	3,350	653
Repayable between two and five years	758	627
	7,815	1,952
Less: Future finance charges	(587)	(136)
Present value of minimum lease payments	7,228	1,816
Present value of minimum lease payments		
Repayable within one year	3,318	599
Repayable between one and two years	3,196	611
Repayable between two and five years	714	606
	7,228	1,816
Analysed as:		
Repayable within twelve months	3,318	599
Repayable after twelve months	3,910	1,217
	7,228	1,816

Finance lease liabilities are secured by:

(a) A charge over the Group's leased assets as disclosed in Note 4(b); and

(b) A corporate guarantee by the Company.

Interest is charged at rates ranging from 1.52% to 4.00% (2014: 1.52% to 2.59%) per annum.

Finance lease liabilities of the Group amounting to RM457,000 (2014: RM707,000) are in relation to assets held in trust under the name of a Director and a spouse of a Director of the Company.

18. **Bank Borrowings**

	Group 2015 RM'000	Group 2014 RM'000
Secured		
Bank overdrafts	10,192	10,428
Term loans	53,504	32,815
Bills payables	22,493	15,806
Total bank borrowings	86,189	59,049
Analysed as:		
Repayable within twelve months		
Secured		
Bank overdrafts	10,192	10,428
Term loans	20,512	5,744
Bills payables	22,493	15,806
	53,197	31,978
Repayable after twelve months		
Secured		
Term loans	32,992	27,071
Total bank borrowings	86,189	59,049

The bank overdrafts, term loans and bills payables are secured by the following:

(a) legal charge over land and buildings of certain subsidiary companies as disclosed in Notes 4(a) and 7(a);

(b) fixed deposit of the Group as disclosed in Note 13;

(c) fixed and floating charge created over the Group’s assets; and

(d) a corporate guarantee by the Company.

18. **Bank Borrowings (Cont'd)**

Maturity of the bank borrowings is as follows:

	Group 2015 RM'000	Group 2014 RM'000
Within one year	53,197	31,978
Between one and two years	6,676	6,174
Between two and three years	8,638	6,715
Between three and four years	4,605	7,439
Between four and five years	5,342	2,870
After five years	7,731	3,873
	86,189	59,049

Range of interest rates at the end of the reporting period is as follows:

	Group 2015 %	Group 2014 %
Bank overdrafts	7.85	7.60 - 7.85
Term loans	6.95 - 7.85	6.70 - 7.88
Bills payables	3.45 - 5.55	4.40 - 5.00

19. **Trade Payables**

	Group 2015 RM'000	Group 2014 RM'000
Trade payables	18,246	15,156
Retention sum	9,248	2,986
Landowners' entitlement		
- related parties	14,512	1,740
	42,006	19,882
Progress billings in respect of property development costs	4,432	4,017
	46,438	23,899

The normal trade credit term granted to the Group range from 1 to 90 days (2014: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

20. Other Payables

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Other payables				
- Related party	48	13	-	-
- Third parties	18,373	15,162	40	268
	18,421	15,175	40	268
Accruals	5,238	4,918	156	280
Deposits	1,402	2,311	-	-
	25,061	22,404	196	548

21. Revenue

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Sale of goods	224,672	220,436	-	-
Property development	91,568	56,693	-	-
Dividend income from a subsidiary company	-	-	-	20,000
Management fees from subsidiary companies	-	-	160	80
	316,240	277,129	160	20,080

22. Cost of Sales

	Group 2015 RM'000	Group 2014 RM'000
Cost of goods sold	190,072	195,734
Property development	65,537	38,831
	255,609	234,565

23. Finance Costs

	Group	
	2015	2014
	RM'000	RM'000
Interest expenses on:		
Bank overdrafts	652	393
Bills payables	837	696
Term loans	3,261	2,483
Finance lease liabilities	189	59
	4,939	3,631

24. Profit/ (Loss) before Taxation

Profit/ (Loss) before taxation is derived at after charging/(crediting):

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- Statutory				
- current year	109	100	30	30
- other	6	3	3	3
Bad debts written off	-	46	-	-
Company's Directors				
- fee	114	114	114	114
- salaries and other emoluments	1,856	1,456	-	247
- EPF	222	174	-	30
- Benefits-in-kind	52	52	-	52
Depreciation of property, plant and equipment	8,632	7,925	-	-
Impairment on:				
- investment in a subsidiary company	-	-	-	2,500
- trade receivables	80	61	-	-
Inventories written down	96	280	-	-
Reversal of inventories written down	(81)	-	-	-
Property, plant and equipment written off	-	86	-	-
Rental of land and premises paid/payable				
- a subsidiary company	-	-	72	72
- Company's Director	769	526	-	-
- third parties	767	1,125	-	-
Rental of machinery and equipment	116	-	-	-

24. Profit/ (Loss) before Taxation (Cont'd)

Profit/ (Loss) before taxation is derived at after charging/(crediting) (Cont'd):

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Incorporation fees	5	-	-	-
Interest income	(14)	(3)	-	-
Gain on disposal of property, plant and equipment	18	(196)	-	-
Loss/(Gain) on derivative financial assets/liabilities	1,557	(1,477)	-	-
Loss/(Gain) on foreign exchange				
- realised	2,607	519	-	-
- unrealised	1,122	(143)	-	-
Insurance claim received/receivable	-	(288)	-	-
Rental income of premises	(50)	-	-	-
Reversal of impairment on investment in a subsidiary company	-	-	-	(14,000)
Reversal of impairment on trade receivables	(600)	-	-	-

25. Taxation

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expenses recognised in profit or loss:				
Malaysian statutory tax:				
Current tax provision	4,318	3,406	-	-
Under provision in prior years	187	11	-	-
	4,505	3,417	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,686	2,121	-	-
Relating to changes in tax rate	(200)	-	-	-
Over provision in prior years	(311)	(220)	-	-
	2,175	1,901	-	-
	6,680	5,318	-	-

25. **Taxation (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profits for the financial year. The statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. The computation of deferred tax as at 31 July 2015 has reflected the change.

A reconciliation of income tax expense applicable to profit/ (loss) before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) before taxation	31,265	27,016	(302)	30,381
At Malaysian statutory tax rate of 25% (2014: 25%)	7,816	6,754	(75)	7,595
Effects of changes in tax rate	(200)	-	-	-
Income not subject to tax	(150)	(1,290)	-	(8,500)
Expenses not deductible for tax purposes	892	1,345	92	774
Deferred tax assets not recognised	-	207	-	131
Double tax relief	(311)	(250)	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(1,228)	(1,230)	(17)	-
Crystalisation of deferred tax	(9)	(9)	-	-
Under provision of taxation in respect of prior years	187	11	-	-
Over provision of deferred taxation in respect of prior years	(311)	(220)	-	-
Deferred tax liability not recognised due to Pioneer Status	(6)	-	-	-
Tax expense for the financial year	6,680	5,318	-	-

25. **Taxation (Cont'd)**

Tax savings arising from tax losses:

	Group		Company	
	2015 **RM'000**	**2014** **RM'000**	**2015** **RM'000**	**2014** **RM'000**
Income tax arising from utilisation of prior year losses not recognised	278	759	17	-

Malaysian Investment Development Authority ("MIDA") has approved the application of the "Pioneer Status" by a subsidiary company, Great Platform Sdn. Bhd., under Promotions of Investment Act 1986, of which 70% of the statutory income from the manufacturing of particle board is exempted from tax for a period of 5 years. The subsidiary company has on 24 October 2014 obtained pioneer certificate from MIDA stating the subsidiary company will be able to enjoy pioneer status starting from 1 August 2013 to 31 July 2018 for pioneer activity of producing particle board.

On 5 May 2014, MIDA has approved the application of the "Pioneer Status" by the subsidiary company, Great Platform Sdn. Bhd., under the Promotion of Investment Act, 1986, of which 70% of the statutory income from manufacturing of medium-density fibreboard is exempted from tax for a period of 5 years. The pioneer certificate has not been released. As such, the commencement date of the pioneer status has not been determined.

The Group has the following estimated unutilised capital allowances, unutilised reinvestment allowances and unused tax losses available for set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2015 **RM'000**	**2014** **RM'000**	**2015** **RM'000**	**2014** **RM'000**
Unutilised capital allowances	4,884	8,479	-	-
Unutilised reinvestment allowances	9,335	22,788	1,236	1,305
Unused tax losses	20,458	20,687	-	-
	34,677	51,954	1,236	1,305

26. **Earnings Per Share**

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group		
	2015	**2014**	
Net profit for the financial year attributable to the owners of the parent (RM'000)	24,585	21,698	
Weighted average number of ordinary shares in issue (in thousands of shares)	609,291	579,063	#
Basic earnings per share (sen)	4.0	3.7	

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group		
	2015	**2014**	
Net profit for the financial year attributable to the owners of the parent (RM'000)	24,585	21,698	
Weighted average number of ordinary shares used in the calculation of basic earnings per share (in thousands of shares)	609,291	579,063	#
Adjusted for:			
Assumed exercise of ESOS at no consideration (in thousands of shares)	9,136	1,064	#
Warrants	*	-	
	618,427	580,127	
Diluted earnings per share (sen)	4.0	3.7	

26. Earnings Per Share (Cont'd)

\# The number of ordinary shares outstanding is adjusted as result of bonus issue.

* The number of shares under warrants was not taken into account in the computation of diluted earnings per share as the warrants do not have any dilutive effect on weighted average number of ordinary shares.

27. Employee Benefits

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits (excluding Directors)	37,761	33,849	86	82

Included in the total employee benefits above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and for the Company amounting to RM839,000 and RM9,000 (2014: RM804,000 and RM7,000) respectively.

28. Employees' Share Option Scheme

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 1 March 2012, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issue share capital of the Company at the point in time throughout the duration of the scheme to eligible Directors and employees of the Group.

The salient features and other terms of the ESOS are as follows:

(a) Eligible employees are those who have been confirmed in writing as employees of the Group and must have completed service for a continuous period of at least one year.

(b) The option is personal to the grantee and is non-assignable.

(c) The option price shall be at a discount of not more than ten percent from the weighted average of the market price of the Company's ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.

28. **Employees' Share Option Scheme (Cont'd)**

The salient features and other terms of the ESOS are as follows (Cont'd):

(d) The options granted may be exercised by the grantee by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the Company's shares comprised in the option, provided that where an option is exercised in respect of a part of the new ordinary shares comprised therein, the number of the Company's shares of which such option may be exercised shall not be less than one hundred and shall be in multiples of one hundred.

(e) Subject to any adjustments that may be made in accordance with the by-laws of the ESOS, the price payable for the exercise of an option under the ESOS shall be determined by the Option Committee at its discretion based on the five (5)-day weighted average market price of the underlying Company's shares at the time the option is offered by the Option Committee with a discount of not more than ten percent (10%), if deemed appropriate, or the par value of the Company's shares, whichever is higher.

Movements in the number of share options outstanding are as follows:

	Number of Share Options						
	Outstanding as at 1 August '000	Movements during the financial year *Adjustment '000	Exercised '000	Forfeited '000	Lapsed '000	Outstanding as at 31 July '000	Exercisable as at 31 July '000
2015							
ESOS	8,592	7,398	(1,570)	-	-	14,420	14,420
2014							
ESOS	12,729	-	(3,455)	(682)	-	8,592	8,592

* Adjustment on additional ESOS issued arising from bonus issue

Details of share options outstanding at the end of the reporting period are as follows:

Share Options	Exercise prices RM	Exercise periods
2015		
ESOS	# 0.25	11.05.2012 - 08.04.2017
2014		
ESOS	0.50	11.05.2012 - 08.04.2017

revised exercise price arising from bonus issue

28. **Employees' Share Option Scheme (Cont'd)**

The fair value of share options granted was estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

ESOS	2015	2014
Fair value of share options (RM)	0.44	0.44
Weighted average share price (RM)	0.483	0.483
Weighted average exercise price (RM)	# 0.250	0.500
Expected volatility (%)	4.160	4.160
Expected option life (years)	5	5
Risk-free interest rate, p.a. (%)	3.456	3.456
Expected dividend yield (%)	-	-

revised exercise price arising from bonus issue

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Executive Directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group		Company	
	2015 Unit ('000)	2014 Unit ('000)	2015 Unit ('000)	2014 Unit ('000)
ESOS				
At 1 August	5,646	6,360	2,940	2,940
Adjustment arising from bonus issue	5,646	-	2,940	-
Exercised	-	(714)	-	-
At 31 July	11,292	5,646	5,880	2,940

The share options were granted on the same terms and conditions as those offered to other employees of the Group.

29. **Warrants**

On 18 December 2014, the Company issued 305,432,000 bonus shares together with 305,432,000 free detachable warrants on the basis of one (1) new warrant for every one (1) bonus share of RM0.25 each. The Company executed the Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.25 and RM0.70 each respectively.

The warrants may be exercised at any time commencing on the date of issue of warrants on 18 December 2014 but not later than 11 December 2019. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercised of the warrants shall rank pari passu in all respect with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the warrants.

As at 31 July 2015, the total number of warrants that remain unexercised were 305,432,000 (2014: Nil).

30. **Contingent Liabilities**

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bankers' guarantees issued in favour of:				
- a supplier of goods	-	1,000	-	-
- Tenaga Nasional Berhad	2,838	1,646	-	-
- Jabatan Immigresen	994	814	-	-
- Jabatan Kerja Raya	20	-	-	-
	3,852	3,460	-	-
Guarantee given for banking facilities granted to subsidiary companies	-	-	96,041	62,509
	3,852	3,460	96,041	62,509

The Company has assessed the financial guarantee contracts and concluded that the guarantees are more likely not to be called upon by the banks and accordingly not recognised as financial liability as at 31 July 2015.

31. Commitments

	Group 2015 RM'000	Group 2014 RM'000
(a) **Capital commitment**		
Approved and contracted for:		
Purchase of property, plant and equipment	12,600	7,691
(b) **Operating lease commitment**		
Future minimum lease payments:		
Within one year	769	769
Between one and five years	3,077	3,077
After five years	-	769
	3,846	4,615

The Group has entered into commercial lease for certain of its land and premises. These leases have tenure of 2 years (2014: 3 years) with a renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

32. Related Party Disclosures

(a) Identifying related party

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

The Group and the Company have related party relationship with its subsidiary companies and Directors' related company.

32. **Related Party Disclosures (Cont'd)**

(b) Other than related party balances disclosed in Notes 12, 19 and 20, the Group and the Company had the following transactions with related parties during the financial year:

	2015 RM'000	2014 RM'000
Group		
Transaction with a Director		
Rental paid	769	526
Transaction with spouse of a Director of the Company		
Landowner's entitlement paid/payable		
- Datin' Sri Chee Ah Kuan	253	4,604
Transactions with companies in which certain Directors of the Company have substantial financial interest		
Provision of services		
- M&A Securities Sdn. Bhd.	728	-
Landowner's entitlement paid/payable		
- Kiara Susila Sdn. Bhd.	134	2,436
Transactions with a company in which a Director of the Company is also the director of ASSB		
Landowner's entitlement paid/payable		
- Astana Baru Sdn. Bhd. ("ASSB")	12,384	-
Company		
Transactions with subsidiary companies		
Management fee received/receivable	160	80
Rental paid/payable	72	72

(c) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	2,822	2,632	-	277
Benefits-in-kind	52	52	-	52
	2,874	2,684	-	329

33. **Segment Information**

For management purposes, the main business segments of the Group comprise the following:

Rubberwood furniture	Manufacture and trading of rubberwood furniture and component parts
Boards	Manufacture and trading of particle board and medium-density fibreboard
Property development	Property development
Others	Investment holding and others

Except as indicated above, no operating segments have been aggregated to form the above reporting operating segments.

Performance is measured based on segment profit before taxation, interest and depreciation, as included in the internal management reports that are reviewed by the Chief Executive Officer, 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.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liabilities.

33. **Segment Information (Cont'd)**

	Rubberwood furniture RM'000	Boards RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2015							
Revenue							
External sales	196,557	28,115	91,568	-	316,240	-	316,240
Inter-segment sales	26,755	5,118	-	160	32,033	(32,033)	-
Total sales	223,312	33,233	91,568	160	348,273	(32,033)	316,240
Results							
Segment results	17,064	2,105	17,603	555	37,327	(1,137)	36,190
Interest income	3	-	11	-	14	-	14
Finance costs	(2,265)	(1,402)	(1,272)	-	(4,939)	-	(4,939)
Profit before taxation	14,802	703	16,342	555	32,402	(1,137)	31,265
Taxation	(2,337)	(34)	(4,375)	-	(6,746)	66	(6,680)
Net profit for the financial year, representing total comprehensive income for the financial year	12,465	669	11,967	555	25,656	(1,071)	24,585
Asset							
Addition to non-current assets	2,742	20,158	10,422	-	33,322	-	33,322

33. Segment Information (Cont'd)

	Rubberwood furniture RM'000	Boards RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2015							
Non-cash expenses/(income)							
Depreciation of property, plant and equipment	5,737	2,100	795	-	8,632	-	8,632
Impairment on trade receivables	80	-	-	-	80	-	80
Loss on disposal of property, plant and equipment	18	-	-	-	18	-	18
Loss on foreign exchange exchange - unrealised	772	350	-	-	1,122	-	1,122
Loss on derivative financial liabilities	1,557	-	-	-	1,557	-	1,557
Bad debts recovered	-	-	-	(609)	(609)	609	-
Reversal of impairment on inventories written down	(81)	-	-	-	(81)	-	(81)
Reversal of impairment on amount owing by a subsidiary company	-	-	-	(263)	(263)	263	-
Reversal of impairment on trade receivables	(600)	-		-	(600)	-	(600)

33. **Segment Information (Cont'd)**

	Rubberwood furniture RM'000	Particle Boards RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2014							
Revenue							
External sales	205,689	14,747	56,693	-	277,129	-	277,129
Inter-segment sales	28,471	-	-	20,080	48,551	(48,551)	-
Total sales	234,160	14,747	56,693	20,080	325,680	(48,551)	277,129
Results							
Segment results	18,112	(401)	14,263	30,378	62,352	(31,708)	30,644
Interest income	3	-	-	-	3	-	3
Finance costs	(2,282)	(628)	(721)	-	(3,631)	-	(3,631)
Profit/(Loss) before taxation	15,833	(1,029)	13,542	30,378	58,724	(31,708)	27,016
Taxation	(2,350)	9	(3,429)	-	(5,770)	452	(5,318)
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year	13,483	(1,020)	10,113	30,378	52,954	(31,256)	21,698
Asset							
Addition to non-current assets	7,779	13,614	1,668	-	23,061	-	23,061

33. **Segment Information (Cont'd)**

	Rubberwood furniture RM'000	Particle board RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2014							
Non-cash expenses/ (income)							
Bad debts written off	46	-	-	-	46	-	46
Depreciation of property, plant and equipment	5,724	2,022	179	-	7,925	-	7,925
Impairment on trade receivables	61	-	-	-	61	-	61
Impairment on investment in a subsidiary companies	-	-	-	2,500	2,500	(2,500)	-
Inventories written down	280	-	-	-	280	-	280
Gain on disposal of property, plant and equipment	(196)	-	-	-	(196)	-	(196)
Gain on foreign exchange - unrealised	(86)	(57)	-	-	(143)	-	(143)
Gain on derivative financial liabilities	(1,477)	-	-	-	(1,477)	-	(1,477)
Property, plant and equipment written off	86	-	-	-	86	-	86
Reversal of impairment on investment in subsidiary companies	-	-	-	(14,000)	(14,000)	14,000	-

33. **Segment Information (Cont'd)**

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit

	2015 RM'000	2014 RM'000
Segment profit	37,327	62,352
Interest income	14	3
Finance costs	(4,939)	(3,631)
Profit from inter-segment sales	(265)	(208)
Bad debts recovered	(609)	-
Reversal of impairment on amount owing by a subsidiary company	(263)	-
Impairment of investment in a subsidiary company	-	2,500
Reversal on impairment on investment in a subsidiary company	-	(14,000)
Dividend income from a subsidiary company	-	(20,000)
	31,265	27,016

Geographical segments

Revenue and addition to non-current assets information is based on the geographical location of customers and assets respectively are as follow:

	Revenue		Addition to non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group				
Malaysia	198,214	160,755	33,322	23,061
Asia Pacific and other Asian countries	33,443	28,612	-	-
Europe	2,092	2,915	-	-
North America	50,012	50,650	-	-
Others *	32,479	34,197	-	-
	316,240	277,129	33,322	23,061

* No further segregation as no individual overseas country contributed more than 10% of the consolidated operating revenue or assets

33. **Segment Information (Cont'd)**

Major customer

The following major customer with revenue equal or more than 10% of the Group's revenue:

	Revenue		Segment
	2015	**2014**	
	RM'000	**RM'000**	
One major customer (2014: One)	43,833	45,783	Rubberwood furniture

34. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At fair value through profit or loss RM'000	Loan and receivables RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Group				
2015				
Financial Assets				
Trade receivables	-	27,005	-	27,005
Other receivables	-	22,277	-	22,277
Fixed deposit with a licensed bank	-	1,905	-	1,905
Cash and bank balances	-	5,389	-	5,389
	-	56,576	-	56,576

34. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At fair value through profit or loss RM'000	**Loan and receivables RM'000**	**Other financial liabilities at amortised costs RM'000**	**Total RM'000**
Group				
2015				
Financial Liabilities				
Trade payables	-	-	42,006	42,006
Other payables	-	-	25,061	25,061
Derivative financial liabilities	857	-	-	857
Finance lease liabilities	-	-	7,228	7,228
Bank borrowings	-	-	86,189	86,189
	857	-	160,484	161,341
2014				
Financial Assets				
Trade receivables	-	13,523	-	13,523
Other receivables	-	21,107	-	21,107
Derivative financial assets	700	-	-	700
Cash and bank balances	-	5,981	-	5,981
	700	40,611	-	41,311
Financial Liabilities				
Trade payables	-	-	19,882	19,882
Other payables	-	-	22,404	22,404
Finance lease liabilities	-	-	1,816	1,816
Bank borrowings	-	-	59,049	59,049
	-	-	103,151	103,151

34. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At fair value through profit or loss RM'000	Loan and receivables RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Company				
2015				
Financial Assets				
Amount owing by subsidiary companies	-	114,030	-	114,030
Cash and bank balances	-	134	-	134
	-	114,164	-	114,164
Financial Liability				
Other payables	-	-	196	196
2014				
Financial Assets				
Other receivables	-	37	-	37
Amount owing by subsidiary companies	-	84,851	-	84,851
Cash and bank balances	-	284	-	284
	-	85,172	-	85,172
Financial Liabilities				
Other payables	-	-	548	548

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

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

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM96,041,000 (2014: RM62,509,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
2015						
Trade payables	42,006	-	-	-	42,006	42,006
Other payables	25,061	-	-	-	25,061	25,061
Derivative financial liabilities	857	-	-	-	857	857
Finance lease liabilities	3,707	3,350	758	-	7,815	7,228
Bank borrowings	35,016	7,553	17,264	4,082	63,915	86,189
	106,647	10,903	18,022	4,082	139,654	161,341
2014						
Trade payables	19,882	-	-	-	19,882	19,882
Other payables	22,404	-	-	-	22,404	22,404
Finance lease liabilities	672	653	627	-	1,952	1,816
Bank borrowings	33,980	8,050	19,669	2,268	63,967	59,049
	76,938	8,703	20,296	2,268	108,205	103,151

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company			
2015			
Other payables	196	196	196
2014			
Other payables	548	548	548

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY").

Foreign currencies exposures of the Group are hedged through forward currency contracts. Most of the forward currency contracts have maturities of less than one year after the end of the reporting period.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and liabilities at the end of the reporting period are as follows:

	Denominated in			
	USD RM'000	**RMB RM'000**	**JPY RM'000**	**Total RM '000**
2015				
Financial assets				
Trade receivables	5,415	-	-	5,415
Cash and bank balances	1,097	2	-	1,099
	6,512	2	-	6,514
2015				
Financial liabilities				
Trade payables	-	-	10	10
Other payables	4,321	492	-	4,813
Derivative financial liabilities	857	-	-	857
	5,178	492	10	5,680
2014				
Financial assets				
Trade receivables	6,774	-	-	6,774
Cash and bank balances	863	2	-	865
Derivative financial assets	700	-	-	700
	8,337	2	-	8,339
Financial liabilities				
Trade payables	-	-	10	10
Other payables	568	5,061	-	5,629
	568	5,061	10	5,639

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, RMB and JPY exchange rates against RM with all other variables held constant.

	Effects on profit before taxation	
	2015 RM'000	**2014 RM'000**
Change in currency rate		
USD		
- Strengthen by 10% (2014: 10%)	133	777
- Weaken by 10% (2014: 10%)	(133)	(777)
RMB		
- Strengthen by 10% (2014: 10%)	(49)	(506)
- Weaken by 10% (2014: 10%)	49	506
JPY		
- Strengthen by 10% (2014: 10%)	1	1
- Weaken by 10% (2014: 10%)	(1)	(1)

(b) Interest rate risk

The Group and Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group and Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest rate swap contracts for trading or speculative purposes.

The carrying amounts of the Group's financial instruments that are exposed to interest rate risk are as follows:

	2015 RM'000	2014 RM'000
Financial liabilities		
Fixed rate instruments		
Finance lease liabilities	7,228	1,816
Bills payables	1,590	-
	8,818	1,816
Floating rate instruments		
Bank overdrafts	10,192	10,428
Term loans	53,504	32,815
Bills payables	20,903	15,806
	84,599	59,049

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

34. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased), the Group's profit before taxation by RM846,000 (2014: RM590,000) arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variable remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practical to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The carrying amount of long term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

34. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

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 show in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2015										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	3,655	-	3,655	3,655	3,910
Forward exchange contracts	-	857	-	857	-	-	-	-	857	857
	-	857	-	857	-	3,655	-	3,655	4,512	4,767
2014										
Financial asset										
Forward exchange contracts	-	700	-	700	-	-	-	-	700	700
Financial liability										
Finance lease liabilities	-	-	-	-	-	1,107	-	1,107	1,107	1,217

34. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

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.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

35. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at end of the reporting period are as follows:

The gearing ratio is as follows:

	Group	
	2015	**2014**
Total loans and borrowings (RM'000)	93,417	60,865
Less: Cash and bank balances (RM'000)	(5,389)	(5,981)
Net debts (RM'000)	88,028	54,884
Total equity (RM'000)	241,602	187,371
Debt-to-equity ratio	36.4%	29.3%

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

The Group is not subject to any externally imposed capital requirements.

36. **Significant Events During the Financial Year**

(a) SYF Resources Berhad ("The Company")

(i) On 21 August 2014, the Company announced the completion of its Private Placement following the listing and quotation of 27,658,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad.

(ii) The Board of Directors of the Company announced that the following resolutions have been approved by the shareholders of the Company at the Extraordinary General Meeting held on 26 November 2014:

(1) Proposed Bonus Issue of up to 312,830,506 new ordinary shares of RM0.25 each to be credited as fully paid-up, together with up to 312,830,506 free detachable warrants, on the basis of one bonus share together with one warrant for every one existing share held;

(2) Proposed increase in authorised share capital of the Company from RM200,000,000 comprising of 800,000,000 shares to RM500,000,000 comprising 2,000,000,000 shares; and

(3) Proposed amendment to clause 5 of the Memorandum of Association of the Company from "The capital of the Company is RM200,000,000 divided into 800,000,000 shares of RM0.25 each" to "The capital of the Company is RM500,000,000 divided into 2,000,000,000 shares of RM0.25 each".

(iii) On 18 December 2014, the Company announced that the proposed bonus issue of up to 312,830,506 new ordinary shares of RM0.25 each to be credited as fully paid-up, together with up to 312,830,506 free detachable warrants, on the basis of one bonus share together with one warrant for every one existing share held was completed following the listing and quotation for 305,432,506 Bonus Shares and 305,432,506 warrants on the Main Market of Bursa Malaysia Securities Berhad.

(b) Great Platform Sdn. Bhd.

On 20 March 2015, the Board of Directors of the Company announced that Great Platform Sdn. Bhd. ("GPSB") a wholly owned subsidiary of the Company has entered into a Tenancy Agreement with Eleplas Industries Sdn. Bhd. ("EISB") for the rental of all that seven adjoining pieces of freehold agriculture land measuring approximately 16.2102 hectares in total area together with factory/ warehouse buildings erected thereon at a monthly rental of RM52,500, and with the condition to purchase the demised premise on or before 31 December 2015 at the purchase price of RM14,000,000.

37. **Date of Authorisation for Issue**

The financial statements of the Group and of the Company for the financial year ended 31 July 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 30 October 2015.

38. Supplementary Financial Information on the Disclosure of Realised and Unrealised Profits or Losses

The following analysis of realised and unrealised retained earnings of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiary companies				
- Realised	50,679	57,423	25,737	63,747
- Unrealised	(1,922)	720	-	-
	48,757	58,143	25,737	63,747
Less: Consolidation adjustments	893	4,223	-	-
Total retained earnings	49,650	62,366	25,737	63,747

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.