FACB Industries Incorporated Berhad
48850-K

Annual Report
2016

Contents

Corporate Information

BOARD OF DIRECTORS

Datuk Wan Kassim bin Ahmed
Chairman

Tan Sri Dr. Chen Lip Keong
President

Puan Sri Lee Chou Sarn

Dato' Dr. Abdul Razak bin Abdul

Mr Chen Yiy Fon

Mr Lim Mun Kee

ACTING CHIEF EXECUTIVE OFFICER

Mr Teo Hock Kee

GROUP COMPANY SECRETARY

Mr Lee Boo Tian
LS 0007987

AUDIT COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato' Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

NOMINATING COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Dato' Dr. Abdul Razak bin Abdul
Independent Non-Executive Director

Mr Lim Mun Kee
Independent Non-Executive Director

REGISTERED OFFICE

Etiqa Twins, Tower 1
Level 13, 11 Jalan Pinang
50450 Kuala Lumpur
Tel : 603 2162 0060
Fax : 603 2162 0062
Website : www.facbi.com

SHARE REGISTRAR

Semangat Corporate Resources Sdn. Bhd.
Ground Floor, 118 Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7968 1001
Fax : 603 7958 8013

AUDITORS

UHY
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

Recognition of Quality

Miracoil™
The world's most advanced spring system.




For more than 15 years, Reader's Digest has approached ordinary consumers to ask their opinions on what brands of products and services are important to them. To be a Trusted Brand it must have individual relevance for all its consumers, just about anywhere and in any culture. Cost, quality and desirability are all important factors for consumers.

Since the introduction of mattress category in the survey in 2009, DREAMLAND has won the Reader's Digest Gold award year on year.

KT Fittings Sdn Bhd has been certified by Sirim QAS International Sdn Bhd for the implementation of a Quality Management System in compliance with the requirements of MS ISO 9001 : 2008 Quality Management System.

KT Fittings Sdn Bhd has been certified by TUV SUD Industrie Service GmbH for the implementation of Quality Assurance System in accordance with Pressure Equipment Directive 97/23/EC (PED) Annex I, Paragraph 4.3 and AD 2000 Merkblatt W0, expecially for the pressure parts related industries/market and for the EU market.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Seventh Annual General Meeting of the Company will be held at Eagle & Birdie Room, Bukit Unggul Country Club, Lot PT 2180-2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan on Wednesday, 30 November 2016 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 30 June 2016 together with the Reports of Directors and Auditors thereon. **(Please see Note 2)**

2. To approve a final 2.5% single-tier dividend per ordinary share for the year ended 30 June 2016. **Resolution 1**

3. To approve payment of Directors' fees of RM214,200/- for the year ended 30 June 2016. **Resolution 2**

4. To re-elect the following Directors who are retiring pursuant to Article 80 of the Company's Articles of Association:

   (i) Dato' Dr. Abdul Razak bin Abdul **Resolution 3**
   (ii) Puan Sri Lee Chou Sarn **Resolution 4**

5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business:

To consider and, if thought fit, pass the following Ordinary Resolutions:

6. Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 6**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the Issued Share Capital of the Company for the time being."

7. Proposed Renewal of Authority for Share Buy-Back **Resolution 7**

   (The text of the resolution and the details of the proposal are set out in the Circular to Shareholders dated 28 October 2016 which is enclosed with this Annual Report.)

8. Retention as Independent Directors

(i) "THAT Datuk Wan Kassim bin Ahmed be retained as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting." **Resolution 8**

(ii) "THAT Dato' Dr. Abdul Razak bin Abdul be retained as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting." **Resolution 9**

(iii) "THAT Mr Lim Mun Kee be retained as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting." **Resolution 10**

9. To transact any other ordinary business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final 2.5% single-tier dividend per ordinary share, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 19 January 2017 to shareholders whose names appear in the Records of Depositors on 5 January 2017. A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred into the Depositor's Securities account before 4.00 p.m. on 5 January 2017 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Lee Boo Tian, LS 0007987
Group Company Secretary

Kuala Lumpur
28 October 2016

Notes:

1(a) Proxy

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
(ii) Subject to the Companies Act, 1965, where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
(iv) The Form of Proxy must be completed, signed and deposited at the Company's Registered Office not less than 48 hours before the time set for the Meeting or adjourned meeting.
(v) Only members whose names appear in the Record of Depositors on 22 November 2016 shall be eligible to attend the Meeting.
(vi) Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.
(vii) The Annual Report is in CD-ROM format. Printed copies of the Annual Report shall be forwarded to the shareholders within 4 market days from the date of receipt of verbal or written request. Shareholders who wish to receive a printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Goh Chin Khoon at Tel No. 03-79681001, Fax No. 03-79588013, e-mail ckgoh@semangatcorp.com. The Annual Report may also be downloaded from the Company's website at www.facbi.com.

1(b) Voting for all resolutions set out in the Notice of Meeting shall be by poll.

2. Explanatory Note on Ordinary Business

Agenda 1 – The provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

3. Explanatory Notes on Special Business

1. Resolution on Section 132D of the Companies Act, 1965
The Ordinary Resolution 6 proposed under Agenda 6 above if passed will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in general meeting, shall expire at the next Annual General Meeting of the Company.

   No proceeds were raised from the previous mandate.

   The renewed mandate will provide flexibility to the Company for the purpose of funding further investment project(s), working capital and/or acquisitions.

2. Resolution on Proposed Renewal of Authority for Share Buy-Back
The Ordinary Resolution 7 proposed under Agenda 7 above if passed is to give authority to the Directors to purchase the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by the Company at a general meeting. Further information is set out in the Circular to Shareholders which is despatched together with this Annual Report.

3. Resolutions on Retention as Independent Directors
   (i) Datuk Wan Kassim bin Ahmed was appointed an Independent Director on 29 March 2002. Datuk Wan Kassim bin Ahmed has served the Company for more than nine (9) years as at the date of the notice of the Annual General Meeting and has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Datuk Wan Kassim bin Ahmed to be independent and recommends Datuk Wan Kassim bin Ahmed to remain as an Independent Director.
   (ii) Dato' Dr. Abdul Razak bin Abdul was appointed an Independent Director on 3 January 2005. Dato' Dr. Abdul Razak bin Abdul has served the Company for more than nine (9) years as at the date of the notice of the Annual General Meeting and has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Dato' Dr. Abdul Razak bin Abdul to be independent and recommends Dato' Dr. Abdul Razak bin Abdul to remain as an Independent Director.
   (iii) Mr Lim Mun Kee was appointed an Independent Director on 1 August 2007. Mr Lim Mun Kee has served the Company for more than nine (9) years as at the date of the notice of the Annual General Meeting and has met the independent guideline as set out in chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Mr Lim Mun Kee to be independent and recommends Mr Lim Mun Kee to remain as an Independent Director.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Directors standing for re-election

The Directors who are standing for re-election at the Annual General Meeting of the Company are as follows:

Dato' Dr. Abdul Razak bin Abdul - Resolution 3
Puan Sri Lee Chou Sarn - Resolution 4

Information on the above Directors is set out under Directors/Chief Executive/Key Senior Management's Profiles of this Annual Report.

Details of attendance of Board Meetings held during the financial year ended 30 June 2016 for the above Directors are set out under Other Compliance Statements of this Annual Report.

OTHER INFORMATION

Tan Sri Dr. Chen Lip Keong retires in accordance with Article 80 of the Company's Articles of Association and does not wish to seek re-election in view of his other interests and commitments.

Profiles - Directors/ Chief Executive/Key Senior Management

DATUK WAN KASSIM BIN AHMED
Chairman, Independent Non-Executive Director

- Aged 67, Male, Malaysian
- Appointed to the Board on 29 March 2002
- Appointed as Chairman on 4 December 2013
- Chairman of Audit, Nomination and Remuneration Committees
- Graduated with Bachelor of Economics from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. Joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn. Bhd. Served as a Councilor for the Petaling Jaya Town Council between 1987 and 1991. Served as a Board member of the Malaysian Tourist Development Board from 1992 to 1996
- Currently, he is a Director of Karambunai Corp Bhd. and Petaling Tin Berhad

TAN SRI DR. CHEN LIP KEONG
President, Non-Independent Executive Director

- Aged 69, Male, Malaysian
- Appointed to the Board on 3 August 1994
- Controlling shareholder and President of FACB Industries Incorporated Berhad
- Bachelor of Medicine and Surgery from University of Malaya 1973 (M.B.B.S. Malaya) and extensive corporate, managerial and business experience since 1976
- Controlling shareholder and Executive Director of Karambunai Corp Bhd. and controlling shareholder of Petaling Tin Berhad

PUAN SRI LEE CHOU SARN
Non-Independent Executive Director

- Aged 69, Female, Malaysian
- Appointed to the Board on 17 March 1997 and as Acting Chief Executive Officer on 1 August 2007. On 15 December 2008, stepped down as Acting Chief Executive Officer
- Graduated with Bachelor of Economics in 1971 from University of Malaya
- Worked for 13 years in the Statistics Department of the Government of Malaysia. She has been a shareholder and a Director of Lipkland Holdings Sdn. Bhd., an investment holding company since December 1982. She was also a Director of Karambunai Corp Bhd. from 1994 to 2001

DATO' DR. ABDUL RAZAK BIN ABDUL
Independent Non-Executive Director

- Aged 66, Male, Malaysian
- Appointed to the Board on 12 April 1994. On 3 January 2005, re-designated from Executive Director to Non-Executive Director
- A member of Audit and Remuneration Committees
- Graduated with Master of Business Administration (Finance) in 1973 and obtained Ph.D (International Business) in 1979
- Commenced his career as a lecturer in Institut Teknologi MARA ("ITM") in 1973 and became the Head of ITM's School of Business in 1981. Has been actively involved in the insurance industry since 1983 and has vast experience in managing insurance companies. Was a Director of Petaling Tin Berhad from 1991 to 1992 and 1997 to 2000

CHEN YIY FON
Non-Independent Executive Director

- Aged 35, Male, Malaysian
- Appointed to the Board on 1 August 2007
- Graduated with Bachelor of Arts in Economics from University of Southern California, Los Angeles
- Previously worked in Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore
- Currently, he is a Director of Karambunai Corp Bhd. and Petaling Tin Berhad

LIM MUN KEE
Independent Non-Executive Director

- Aged 49, Male, Malaysian
- Appointed to the Board on 1 August 2007
- A member of Audit, Remuneration and Nomination Committees
- A qualified accountant registered with the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA")
- Started his career in KPMG Peat Marwick in 1989
- Has over 15 years of experience in auditing, finance and accountancy where he worked in several listed companies as Accountant, Financial Controller and Head of Internal Audit
- Currently, he is a Director of Karambunai Corp Bhd. and Petaling Tin Berhad

TEO HOCK KEE
Acting Chief Executive Officer

- Aged 49, Male, Malaysian
- Appointed as Acting Chief Executive Officer on 16 November 2011
- Graduated with Bachelor of Engineering (Hons) in Mechanical Engineering, United Kingdom
- Has been with FACB Industries Incorporated Berhad's steel operation for more than 20 years. The steel operation was previously one of the largest ISO 9001:2008 certified integrated stainless steel pipe and butt-weld fittings manufacturers in South East Asia

BONG SHEE CHENG
Chief Financial Officer

- Aged 59, Male, Malaysian
- Appointed as Chief Financial Officer on 2 May 2007
- A Chartered Accountant Malaysia (C.A.(M))
- He had more than 30 years of experience in the commercial and industry sector prior to joining FACB Industries Incorporated Berhad. He held various senior positions in financial and corporate services of Public Listed Corporations in Malaysia.

Other Information

a. Family Relationship
Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

Save as disclosed above, none of the Directors/Chief Executive/Key Senior Management have any family relationship with any Director and/or major shareholder of the Company.

b. Conflict of Interest
None of the Directors/Chief Executive/Key Senior Management have any conflict of interest with the Company.

c. Conviction of offences
None of the Directors/Chief Executive/Key Senior Management have any conviction for offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of FACB Industries Incorporated Berhad ("FACBII" or "Company") for the financial year ended 30 June 2016 (FY2016).

FINANCIAL REVIEW

For the financial year ended 30 June 2016, the Company and its subsidiaries ("Group") recorded a slight increase in profit before tax to RM8.54 million as compared to RM8.44 million in the preceding financial year. The Group registered lower revenue of RM51.86 million as compared to RM56.09 million mainly due to decrease in business volume from stainless steel fittings division.

The Group registered a net profit attributable to owners of the Company of RM4.64 million which translated into earnings per share of 5.53 sen.

The bedding division Malaysia was able to maintain its revenue compared to the preceding financial year despite the apparent slowdown in consumer spending. Profit improved due to higher gross profit margin. Dreamland, as a brand, again won Gold Award for another year in the prestigious Reader Digest's Trusted Brand - Malaysia.

The stainless steel fittings division registered lower revenue and higher loss before tax compared to the preceding financial year amidst challenging international markets exaggerated by soft commodity prices.

The investments in China continued to contribute positively to the Group's profit despite lower contribution from power plants operation.

DIVIDEND

The Board of Directors is pleased to recommend a final dividend of 2.5% for the financial year, subject to the shareholders' approval at the forthcoming 37th Annual General Meeting.

SHARE BUY BACK

The Company did not execute any share buyback during the financial year.

CORPORATE DEVELOPMENT

There were no corporate developments in the Group during the financial year.

Chairman's Statement

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to carry out its business operations in a socially responsible and sustainable manner. In this respect, safety and health of employees as well as environment protection are our focus. Our Safety & Health Committee ensures safety and health for all level of employees by organising safety and health awareness activities periodically. Industrial hygiene and safety measures are also put in place via preventative maintenance programs to ensure plant and machinery and ventilation systems are in good and safe conditions, and in compliance with requirements under the Occupational, Health and Safety Act. Chemical risk assessment tests are also conducted jointly with Department of Environment to ensure compliance with relevant regulations.

Environmental protection initiatives include using CFC free products and recycling policy.

FUTURE OUTLOOK

The Board expects the performance of the Group for the next financial year to remain challenging. Low domestic growth due to weak commodity prices, coupled with sluggish growth in advanced economies, are having direct impact on businesses.

Dreamland, as the market leader in the back care mattress with the patented state-of-the art Miracoil spring system, will continue to set the benchmark for quality mattress. Dreamland products are associated with superior quality in the middle and premium markets. The division will continue to invest in research and development to further improve existing products and innovate new products which will bring benefits to consumers. Brand building is a continuous process including engagement with consumers over social media. More comprehensive customer insights and information management will ensure more effective marketing success.

The stainless steel fittings division will continue to be challenged by the weakening commodity prices and aggressive global competition. Cost cutting measures have been implemented and will be continuously monitored for better performance.

We expect investments in power plants and bedding business in China to contribute positively to the Group.

The Group is still looking for suitable new businesses. We are working with professionals to identify and evaluate various business proposals.

ACKNOWLEDGEMENT

On behalf of the Board members, I would like to extend our heartfelt thanks to our shareholders, customers, bankers, business associates and regulatory authorities for their support, guidance and assistance extended to the Group. We would like to express our appreciation to the management and staff of the Group for their hard work and dedication too.

DATUK WAN KASSIM BIN AHMED
Chairman

10 October 2016

Audit Committee Report

Pursuant to paragraph 15.15 of the Bursa Securities Main Market Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:

Chairman

Datuk Wan Kassim bin Ahmed	*Independent Non-Executive Director*

Members

Dato' Dr. Abdul Razak bin Abdul	*Independent Non-Executive Director*
Mr Lim Mun Kee	*Independent Non-Executive Director*

TERMS OF REFERENCE

The primary objective of the Audit Committee (as a standing committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control. The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

The Terms of Reference comprising Purpose, Reporting responsibilities, Frequency of meetings, Quorum, authority and Duties are detailed on the Company's website at www.facbi.com.

DETAILS OF MEETINGS

The Audit Committee met four (4) times during the financial year ended 30 June 2016 and details of attendance are as follows:

Datuk Wan Kassim bin Ahmed	4/4
Dato' Dr. Abdul Razak bin Abdul	4/4
Mr Lim Mun Kee	4/4

During the financial year, the relevant training attended by the above Directors are detailed in the Corporate Governance Statement of this Annual Report.

SUMMARY OF AUDIT COMMITTEE WORK

In discharging its responsibilities for the financial year, the Audit Committee, in particular:

- Reviewed the quarterly and year end financial statements and made recommendation to the Board.
- Reviewed and approved the annual internal audit work plan.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their auditor's reports and management letters in relation to the audit and accounting issues arising from the audit.
- Conducted an annual assessment of the suitability and independence of the external auditors and thereafter made recommendations to the Board for their reappointment and subsequently sought shareholders' approval at the forthcoming Annual General Meeting.
- Reviewed the Group's compliance with regards to the Bursa Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT WORK

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. In meeting its responsibilities, the internal audit function is necessarily guided by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. In particular, risk based plans are established to determine the priorities of internal audit activities, consistent with the Group's goals. The cost incurred on this function which includes risk management and corporate governance was RM184,860/- for the financial year. During the financial year, the Internal Audit Department conducted, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special review as requested by the Board and Management.
- Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 10 October 2016.

Statement on Corporate Governance

The Board of Directors of FACB Industries Incorporated Berhad is committed to its fiduciary responsibilities for sound corporate governance in its business management practices. Accordingly, the Board supports the Principles and Recommendations laid out in the Malaysian Code on Corporate Governance 2012 ("the Code") wherein disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with the Recommendations of the Code save for the recommendation that the tenure of Independent Directors should not exceed a cumulative term of nine years and the recommendation for individual disclosure of directors' remuneration packages (as detailed in Other Compliance Statements of this Annual Report), whereas the ensuing paragraphs narrate how the Company has applied the Principles of the Code.

BOARD OF DIRECTORS

The Board is responsible for, among others, supervising the affairs of the Group to ensure its success is within the acceptable risks. It reviews management performance and ensures that necessary resources are available to meet the Group's objectives. The Board has delegated day-to-day operational decisions to the executive directors and the management who are also responsible for monitoring daily operational matters.

The Board is assisted by Audit Committee, Nominating Committee and Remuneration Committee that operate within the defined terms of reference of each committee.

Board Charter

The Company has in place a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and senior management.

The Board Charter also outlines the roles and responsibilities of various Board Committees, the Chairman and the Chief Executive Officer/Management of the Company as well as policies and practices in respect of matters such as convening of Board and Board Committees' meetings. In short, the Board Charter covers among others the following:

- Constitution, Duties and Responsibilities of the Board
- Chairman and Chief Executive Officer's Respective Responsibilities
- Board and Board Committees' meeting procedures
- Relationship of the Board to Management
- Access to Timely and Quality information
- Access to Advice and Procedure
- Board committees including Audit Committee, Nominating Committee and Remuneration Committee's Responsibilities
- Shareholders – Investor Relations
- Appendices – Evaluation Mechanism/Framework

The Board Charter provides a basis for good governance, effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the Chairman and the CEO.

Finally, the Board Charter is updated from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations. The Charter was last reviewed in 2016.

The Board Charter has wide coverage on the Group's operation and management and is viewable on the Company's website www.facbi.com.

Board Responsibilities

The Board is led by the Chairman Datuk Wan Kassim bin Ahmed, a non-executive independent director. The principal duties and responsibilities of the Board is to effectively lead and control the Company. The Board is to oversee the performance of management in a collegial relationship that is supportive yet vigilant. It is also responsible for the Company's strategies, objectives, succession plan and accountability to shareholders.

The Board has clear roles and responsibilities in discharging its fiduciary and leadership functions and has established clear functions reserved for the Board and those that were delegated to the management which are embodied in the Board Charter.

All directors must act in the best interest of the Company and shall disclose to the Board of any potential conflict of interest as soon as he or she becomes aware of such interest.

The Board reviews the Group's budgets and business operations, identifies risks and ensures the existence of adequate internal control systems to manage risks. It reviews quarterly performance, the subsequent three months and long term plans during Board meetings. It provides inputs and views in developing the Group's business strategies and ensures the management has devoted sufficient time and resources and thorough thought in formulating the strategies.

The Group is committed to carry out its business operations in a socially responsible and sustainable manner. On its operations, industrial hygiene and safety measure have been put in place via preventative maintenance programs to ensure plant and machinery and ventilation systems are in good and safe conditions, and in compliance with the requirements under the Occupational, Health and Safety Act. Other environmental initiatives include putting in place a recycling policy and using CFC free products to reduce carbon emission in our production process.

Management

The Executive Directors and the management are responsible for developing corporate strategies and implementing policies of the Board while managing business operations. The management would table quarterly performance, strategic plans, risks and challenges as well as status of their execution to the Board for deliberation during Board meetings.

The Non-Executive Directors are independent of management, free of any business relationship and ensure that business plans, strategies and new inputs proposed are objectively evaluated. They provide constructive inputs from different perspectives in addition to acting as a form of check and balance for the Executive Directors and the management.

Code of Conduct

The Company has an established Code of Business Conduct in regulating employment and business administration, made available in an employee handbook. The Code of Business Conduct reflects the commitment of the Company to run a business that is ethical, fair, efficient and effective, aligned to its business standards. The Code of Business conduct however does not extend to a written policy on whistleblowing. The existing receptive organizational culture, anchored by a sound risk and internal control environment is deemed sufficient and proven to be effective in practice.

Statement on Corporate Governance

Board Meetings

The Company is led and controlled by an experienced Board with a wide range of expertise. Board members' judgements have a bearing on strategies, performances, resources and standards. Four (4) Board meetings were held during the financial year ended 30 June 2016 (with details attendance presented under Other Compliance Statements of this Annual Report). In between scheduled meetings and where appropriate, Board decisions were effected via circular resolutions.

All Directors are committed and have devoted sufficient time to discharge their duties during the financial year. They are also accessible by the management on telephone calls for discussion on all matters affecting the Group. It is a practice that any director before accepting any new directorship would assure the Chairman that his or her time commitment and contribution to the Company would not be compromised.

The Board is provided with agenda of Board meeting and detailed information to enable them to deliberate in the meeting and make decisions. Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and circulated to the Board members.

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa Securities Main Market Listing Requirements (minimum 50% attendance).

Board Composition

There were no new Board appointments during the financial year 2016. The Board currently consists of six (6) members comprising three (3) Executive Directors and three (3) Non-Executive Directors. Among the Non-Executive Directors, all three (3) are Independent, hence more than a third of the Board is independent. Meanwhile, the Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent objective judgement to bear on Board deliberations. With the inputs of the Nominating Committee, the Board annually examines its size and composition with a view to determine the impact of the number and make up on its effectiveness. The Board believes that the current size and composition is ideal to provide the necessary check and balance to the Board's decision-making process. The profiles of the Directors are set out under Directors/Chief Executive/Key Senior Management's Profiles of this Annual Report.

To ensure balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Chairman is primarily responsible for ensuring the Board's effectiveness while the CEO is responsible for the efficient management of the business and operations. The Board has identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director to whom concerns may be raised.

Board Independence

The Board conducts an annual assessment of the independence of its Independent Non-Executive Directors and is satisfied that they continue to bring independent and objective judgement to Board deliberations.

The Company's Independent Non-Executive Directors, namely, Datuk Wan Kassim bin Ahmed, Dato' Dr. Abdul Razak bin Abdul and Mr Lim Mun Kee, having served more than 9 years, constitute a departure from the Code recommendations. The Board is of the opinion that these Directors, as a result of their long tenures, possess valuable knowledge of the structure, controls and dynamics of the Company. The Board, therefore, recommends that Datuk Wan Kassim bin Ahmed, Dato' Dr. Abdul Razak bin Abdul and Mr Lim Mun Kee should continue to serve as Independent Non-Executive Directors of the Company for another year.

Consequently, pursuant to Recommendation 3.3 of the Code, the Board seeks shareholders' approval to retain their designations as Independent Directors. The length of their services on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company as they continue to be scrupulously independent in the discharge of their duties as constructive challengers of executive management.

Board Diversity/Gender

The Board acknowledges the importance of Board diversity, including gender diversity, to the effective functioning of the Board. The Board endeavours to achieve diversification in terms of gender, ethnicity and age, underpinned by the overriding primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives.

Currently Puan Sri Lee Chou Sarn is the only female director on the Board. Taking into consideration the nature and size of the current business operations and investments, the Board is of the view that the composition and structure of the Board should be maintained for the time being. Female representations will be considered when vacancies arise and suitable candidates are identified.

Continuing Education of Directors

Directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. All the Directors have fulfilled the Mandatory Accreditation Programme requirement.

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

Board members were regularly updated on global developments and trends in Corporate Governance principles and best practices besides local regulatory and capital market developments. During the financial year, the Directors attended an in-house training on "The New Companies Act 2015 – Challenges for Directors and Secretaries".

Apart from inputs from Directors, the training needs of the Directors will also be considered by the Nominating Committee. The Company Secretary will also re-direct email invitations on seminars, breakfast talks and briefings from Bursa Malaysia Securities Berhad and various professional bodies from time to time to the Directors and management for consideration and participation.

Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Company's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

Board meetings are held quarterly to deliberate inter-alia on the Company's corporate developments, financial results, business operations, risk management and internal audit reports with proceedings duly minuted and signed by the meeting Chairman.

During Board Meetings, management are required to furnish further details on any issues raised and to provide supplementary information at the Board's behest. The Board of Directors also have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. Directors may also seek briefings from the management or auditors on specific matters in addition to the regular presentations to the Board. At least one week prior to the Board meetings, the Directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting to enable sufficient timeframe to consider any matters arising.

The Directors whether as a full Board or in their individual capacity may obtain independent professional advice at the Company's expense in furtherance of their duties. In such a situation, a copy of the report or independent advice would be made available to the Chairman and all Directors for deliberation. No such Board matters were individually referred to external legal counsels for advice during financial year 2016.

Statement on Corporate Governance

Company Secretary

The Company Secretary is licensed under Companies Act, 1965 and plays a supporting role to the Board to ensure adherence to the Board policies, procedures, Bursa Securities Main Market Listing Requirements and other compliance.

The Company Secretary maintains the statutory records in accordance with legal requirements, organizes and facilitates the convening of Board meetings, Board committee meetings, general meetings, in consultation with the Board members and the Chairman in particular.

The Company Secretary records, prepares and circulates minutes of meeting of the Board and Board Committees and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, the Company Secretary also updates and circulates to the Board members amendments to the Listing Requirements, practices and guidance notes from Bursa Malaysia Securities Berhad which affect the Company and its business operations.

In particular, the Company Secretary carries out among others the followings:

- attending Board and Board Committee meetings and ensuring that these meetings are properly convened and proceedings are properly recorded;
- ensuring that all appointments to the Board and Committees are properly made;
- maintaining records for the purposes of meeting statutory obligations;
- facilitating the ongoing provisions of information as may be requested by the Directors and supporting the Board in ensuring ongoing adherence to Board policies and procedures.

Board Committees

The Board has delegated specific responsibilities to Board Committees which include the Audit Committee, Nominating Committee and Remuneration Committee. These Committees operate within defined terms of reference and are limited to making recommendations to the Board for final decision on matters discussed and deliberated.

Minutes of proceedings and decisions taken during the meetings are recorded by the Company Secretary and circulated to the members of Board Committees.

Appointments to the Board

The Board had established a Nominating Committee with appropriate terms of reference on 25 February 2002. The members of the Committee, currently comprising wholly Independent Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Mr Lim Mun Kee

Nominating Committee is chaired by a Senior Independent Director identified by the Board, thereby enhancing the Committee's overall effectiveness.

The Nominating Committee established by the Board, is responsible for screening, evaluating and recommending suitable candidates to the Board for appointment as Directors, as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practises a clear and transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nominating Committee and recommendation to the Board. The potential candidates may be proposed by an existing director, senior management staff, shareholders or third parties. Upon completion of the assessment and evaluation of the proposed candidates, the Nominating Committee would make its recommendation to the Board. Based on the recommendation, the Board would evaluate and decide on the appointment of the proposed candidates.

The Nominating Committee has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors. The Committee shall meet at least once a year. Additional meetings are held as and when required. During the financial year, the Committee met once on 25 May 2016.

At each meeting, the Nominating Committee considered the compositions of the Board and its committees as well as their performance. As a result of discussion, succession planning has become an area frequently visited by the Company's Risk Management Committee to ensure it would not become a material risk to the Group.

The Company's Independent Non–Executive Directors, namely, Datuk Wan Kassim Bin Ahmed, Dato' Dr. Abdul Razak Bin Abdul and Mr Lim Mun Kee, having served more than 9 years, constitute a departure from the Code recommendations. The Board, with recommendations of the Nominating Committee which took into consideration among others a director's ability to exercise independent judgement to enhance the Board's accountability as well as free from any business or other relationship which can interfere with the exercise of the director's judgement, is of the opinion that these Directors, as a result of their long tenures, possess valuable knowledge of the structure, controls and dynamics of the Company. The Board, therefore, recommends that Datuk Wan Kassim Bin Ahmed, Dato' Dr. Abdul Razak Bin Abdul and Mr Lim Mun Kee should continue to serve as Independent Non-Executive Directors of the Company for another year.

The Board Charter which contains the assessment mechanism can be located on the Company's website www.facbi.com.

Re-election

In accordance with the Company's Articles of Association, all Directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. This provision is not only consistent with the underlying principles of the Code, but also, fully in line with paragraph 7.26 (2) of the Bursa Securities Main Market Listing Requirements. The Articles also provide that any director appointed during the year is required to retire and seek re-election at the following Annual General Meeting ("AGM") immediately after such appointment.

The Directors who are subject to re-election at the AGM will be assessed by the Nominating Committee on their performance whereupon recommendations will be submitted to the Board for decision on the proposed re-election of the Directors concerned for shareholders' approval at the forthcoming AGM.

The Directors over seventy (70) years of age, where applicable, are required to submit themselves for re-appointments annually in accordance with Section 129 of the Companies Act, 1965.

DIRECTORS' REMUNERATION

Procedure

The Board had established a Remuneration Committee with appropriate terms of reference on 25 February 2002. The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages in all its forms, while drawing advice from experts if deemed necessary. The Committee currently comprising wholly Non-Executive Directors, are as follows:

1. Datuk Wan Kassim bin Ahmed (Chairman)
2. Dato' Dr. Abdul Razak bin Abdul
3. Mr Lim Mun Kee

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met once on 26 August 2015.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, review the remuneration framework and packages of newly appointed and existing Executive Directors and make recommendations to the Board for approval, with the underlying objective of attracting, motivating and retaining Directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance, business strategy and long term objective of the Company.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussion pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under Other Compliances Statement of this Annual Report.

SHAREHOLDERS

Dialogue between Company and Shareholders

The Company recognises the importance of keeping shareholders well informed of the Group's major corporate developments and events. The Board had directed the Company to disclose all relevant information to shareholders to enable them to exercise their rights. Such information is duly and promptly announced via Bursa Malaysia and other appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

To further enhance transparency to all shareholders and stakeholders of the Company, the Group has established a website at www.facbi.com where shareholders can access information encompassing corporate information, financial highlights, annual reports, announcements via Bursa Malaysia Securities Berhad.

The Annual General Meeting ("AGM")

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Company's business.

The Company has taken active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Chairman and members of the Board are available to respond to shareholders' queries during the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly announcements and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is also included in this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee maintains a formal and transparent relationship with the Company's auditors and place great emphasis on the objectivity and independence of the Company's external auditors.

The roles of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 10 October 2016.

Statement on Risk Management and Internal Control

PREAMBLE

Pursuant to paragraph 15.26(b) of the Bursa Securities Main Market Listing Requirements, the Board of Directors is required to include in its Annual Report, a statement on the state of internal control of the Company. In making this Statement on Internal Control, it is essential to specifically address the Principles and Recommendations in the Malaysian Code on Corporate Governance ('the code") which relate to internal control.

RESPONSIBILITY

The Board of Directors has overall stewardship responsibility for the Company's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Company for the purpose of this statement.

INTERNAL CONTROL FRAMEWORK

The embedded control system is designed to facilitate achievement of the Company's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows:

- Organizational structure defining lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nominating and Remuneration Committees, the Board is supported by executive management operationally to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- Policies, procedures and standards have been established, periodically reviewed and updated in accordance with changes in the operating environment.

- Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.

- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.

- Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company's strategic objectives.

- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Company's internal control systems, the Board regards risk management as an integral part of the business operations. The Board recognizes its responsibility over the principal risks of various aspects of the Company's business. For long term viability of the Company, the Board acknowledges that, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Company confirms that there is an on-going process of identifying, evaluating, managing, monitoring and reporting significant risks affecting the achievement of the Company's business objectives via the establishment of an in-house structured risk management framework.

A Risk Advisory Committee ("RAC") comprising senior management personnel conduct the process of identifying, evaluating, managing, monitoring and reporting significant risks is also responsible for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 1 March 2002.

In particular, the Company's risk management process is focused on the following objectives:

- risks arising from business strategies and activities are identified and prioritized by functional heads;
- management and the Board have determined the Company's risk appetite vis-à-vis the accomplishment of the Company's strategic plans;
- risk mitigation activities are designed and implemented to manage risks at an acceptable level sanctioned by management and the Board.

The risks identified by RAC include:

1. Export and profit margins in view of trade liberalization and protectionism
2. Key competitors and sales enhancement
3. Brand protection, to remain as top consumer choice
4. Risk of fire and accidents
5. Succession planning
6. Operational efficiency, effectiveness and sustainability

During the financial year, the RAC monitored the Company's significant risks and recommended appropriate treatments. The Audit Committee facilitated by the internal audit function, establishes the adequacy and effectiveness of the Company's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Company's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Company's risk management and internal control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Company's major business sectors is routinely reviewed and approved by the Audit Committee.

Quarterly, the Board of Directors, through its Audit Committee, has reviewed the adequacy and effectiveness of the Company's risk management process and internal control systems and relevant actions have been or are being taken as the case may be, to remedy the internal control weaknesses identified from the reviews, which was largely based on the outcome of observations raised by internal auditors directly to the Audit Committee.

Statement on Risk Management and Internal Control

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Company's control environment and processes. The Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control frameworks of the Company. The management will continue and take measures to ensure the ongoing effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investment and the Company's assets. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 10 October 2016 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements.

Other Compliance Statements

1. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Paragraph 15.26(a) of Bursa Securities Main Market Listing Requirements

The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the results of their operations and cashflows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held four (4) formal meetings. The attendance of Directors at the Board Meetings is as follows:

Directors	Board Meetings 26.8.2015	Board Meetings 18.11.2015	Board Meetings 24.2.2016	Board Meetings 25.5.2016
Datuk Wan Kassim bin Ahmed	√	√	√	√
Tan Sri Dr. Chen Lip Keong	√	√	√	√
Puan Sri Lee Chou Sarn	√	√	√	√
Dato' Dr. Abdul Razak bin Abdul	√	√	√	√
Chen Yiy Fon	√	√	√	√
Lim Mun Kee	√	√	√	√

N/A Not Applicable √ Attended X Not attended

3. DIRECTORS' REMUNERATION

The remuneration of Directors for the financial year is categorized as follows:

In RM	Executive		Non-Executive	
	Company	Group	Company	Group
Fees	-	-	214,200	214,200
Salaries & Other Emoluments	-	953,812	-	-
Benefits In Kind	-	34,500	-	-
Total	**988,312**		**214,200**	

The number of Directors whose remuneration fall within the following bands are as follows:

	No. of Directors	
Range of remuneration (In RM)	Executive	Non-Executive
Below 50,000	-	-
50,001 to 100,000	-	3
100,001 to 150,000	1	-
150,001 to 300,000	-	-
300,001 to 350,000	1	-
350,001 to 500,000	-	-
500,001 to 550,000	1	-
Total	**3**	**3**

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy and would not significantly enhance shareholders' understanding.

4. UTILISATION OF PROCEEDS

During the financial year, the Company did not raise funds from any corporate exercise.

5. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees for the financial year are listed below:

	Company (RM)	Group (RM)
Audit services rendered	24,800	145,708
Non-audit services rendered	5,000	5,000
Total	**29,800**	**150,708**

6. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive who is not a director or major shareholders during the financial year or subsisting at the end of the financial year.

7. REVALUATION POLICY

The Company does not have a policy of regular revaluation of its landed properties.

8. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the year.

These statements are made in accordance with resolution(s) of the Board of Directors dated 10 October 2016.

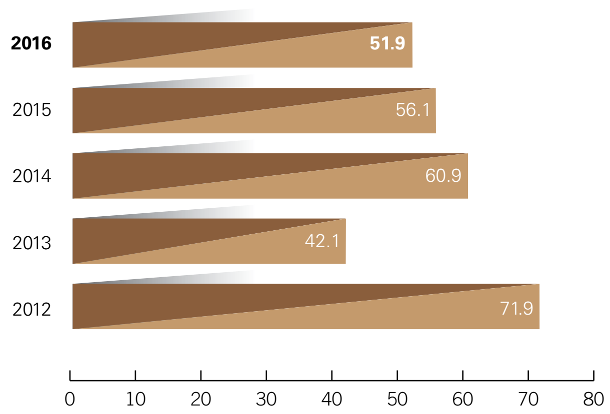
5 Years Group Financial Highlights

In RM'000	2012	2013	2014	2015	2016
Revenue from continuing operations	71,892	42,066	60,873	56,087	**51,859**
Profit from continuing operations before tax	4,674	13,775	69,453	8,436	**8,537**
(Loss)/Profit from discontinued operations before tax	(7,643)	(14,912)	73	(162)	**-**
Profit/(Loss) attributable to owners of the parent	(15,922)	(7,970)	67,148	4,749	**4,642**
Total assets	234,779	196,165	241,426	235,448	**235,181**
Equity attributable to owners of the parent	161,571	154,278	211,697	205,800	**207,325**

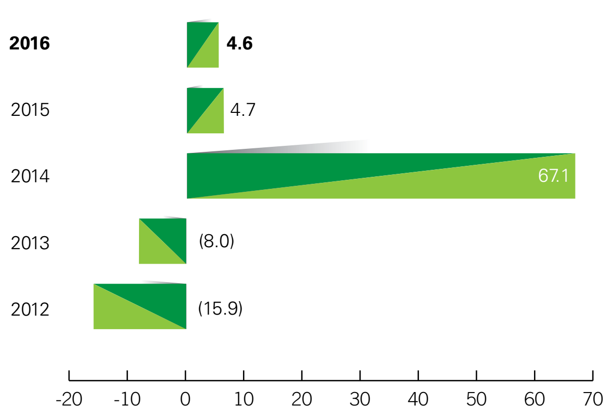
In RM					
Net assets per share	1.93	1.84	2.52	2.45	**2.47**

In Sen					
Earnings/(Loss) per share	(18.98)	(9.50)	80.05	5.66	**5.53**

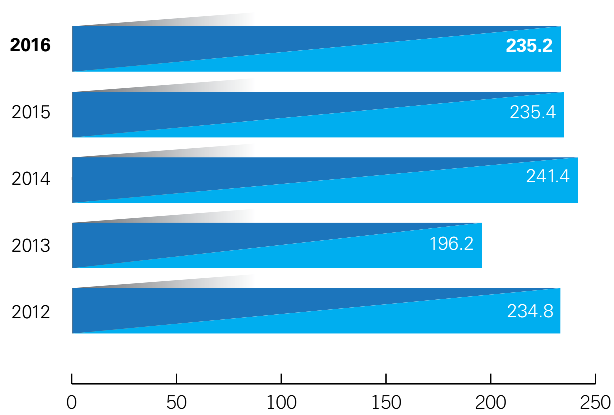
REVENUE FROM CONTINUING OPERATIONS (RM'Million)



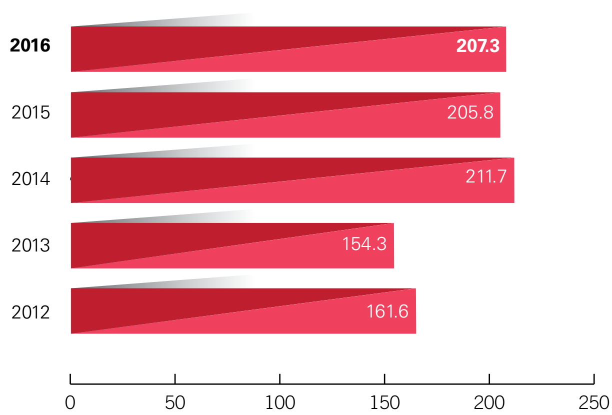
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'Million)



TOTAL ASSETS (RM'Million)



EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'Million)



Reports and Financial Statements

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 30 June 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit net of tax from continuing operations	6,354,669	1,390,709
Attributable to:		
Owners of the parent	4,641,875	1,390,709
Non-controlling interests	1,712,794	-
	6,354,669	1,390,709

DIVIDENDS

During the financial year, the Company paid a final single-tier dividend of 2.5% per ordinary share of RM1 each on 30 December 2015 amounting to RM2,097,070 in respect of financial year ended 30 June 2015.

The Directors recommend a final single-tier dividend of 2.5% per ordinary share in respect of the financial year ended 30 June 2016, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued and fully paid ordinary shares.

As at 30 June 2016, the Company held as treasury shares a total of 1,279,700 of its 85,162,500 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,225,544 and are disclosed in Note 18 to the financial statements.

DIRECTORS

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

Datuk Wan Kassim Bin Ahmed
Tan Sri Dr. Chen Lip Keong
Puan Sri Lee Chou Sarn
Dato' Dr. Abdul Razak Bin Abdul
Chen Yiy Fon
Lim Mun Kee

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 each			
	At 1.7.2015	**Bought**	**Sold**	**At 30.6.2016**
Interest in the Company				
Direct Interest				
Tan Sri Dr. Chen Lip Keong	16,925,000	-	-	**16,925,000**
Puan Sri Lee Chou Sarn	505,493	-	-	**505,493**
Indirect Interest				
Tan Sri Dr. Chen Lip Keong	8,374,389 [a]	-	-	**8,374,389** [a]

(a) Deemed interested by virtue of Section 6A of the Companies Act, 1965 via Blue Velvet Property Corp.

Notes:
(i) Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong; and
(ii) Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

By virtue of their interests in shares of the Company, the Directors as disclosed above are also deemed to have an interest in the shares of the subsidiaries to the extent of the shareholdings of the Company.

None of the other Directors hold shares whether directly or indirectly in the Company or 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 benefit included in the aggregate amount of emoluments 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.

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 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 no bad debt to be written off and adequate allowance had been made for doubtful debts; 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.

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

   (i) it necessary to write off any bad debt 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) the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

   (iv) any amount stated in the financial statements of the Group and of the Company misleading.

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

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

   (ii) any contingent liability in respect of the Group and 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.

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability of the Group and of the Company 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.

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 September 2016.

PUAN SRI LEE CHOU SARN **DATO' DR. ABDUL RAZAK BIN ABDUL**

KUALA LUMPUR

Statement by Directors

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

We, the undersigned, being two of the Directors of FACB INDUSTRIES INCORPORATED BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 39 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 at 30 June 2016 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out in Note 37 on page 107 have been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, 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 September 2016.

PUAN SRI LEE CHOU SARN **DATO' DR. ABDUL RAZAK BIN ABDUL**

KUALA LUMPUR

Statutory Declaration

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

I, BONG SHEE CHENG, being the officer primarily responsible for the financial management of FACB INDUSTRIES INCORPORATED BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 39 to 107 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 September 2016)

BONG SHEE CHENG

Before me,

MOHAN A.S. MANIAM (W 710)
COMMISSIONER FOR OATHS

Independent Auditors’ Report

To the members of FACB INDUSTRIES INCORPORATED BERHAD (Company No.: 48850-K)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of FACB INDUSTRIES INCORPORATED BERHAD, which comprise the statements of financial position as at 30 June 2016 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 39 to 106.

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 Malaysian Financial Reporting Standards, International 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.

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 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries 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.

(d) The audit reports on the financial statements of the subsidiaries 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 37 on page 107 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.

Other Matter

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: 3068/08/18 (J)
Chartered Accountant

KUALA LUMPUR
30 September 2016

Statements of Financial Position
As at 30 June 2016

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**5,631,664**	5,856,551	**1,291**	1,864
Interests in subsidiaries	5	**-**	-	**25,639,914**	30,992,189
Investment in associates	6	**24,560,483**	24,497,476	**-**	-
Available-for-sale investments	7	**18,654,969**	20,350,875	**18,654,969**	20,350,875
Deferred tax assets	8	**885,000**	1,000,000	**-**	-
		49,732,116	51,704,902	**44,296,174**	51,344,928
Current Assets					
Inventories	9	**12,175,114**	14,920,790	**-**	-
Trade receivables	10	**13,163,296**	11,473,679	**-**	-
Other receivables	11	**3,409,653**	4,195,887	**731,027**	447,604
Tax recoverables	12	**198,529**	371,538	**-**	-
Amount owing by subsidiaries	13	**-**	-	**15,031,767**	16,213,687
Amount owing by associates	14	**117,524**	2,179,927	**-**	-
Deposits with licensed banks	15	**150,859,694**	144,164,724	**139,169,385**	131,480,059
Cash and bank balances		**5,524,608**	6,436,386	**82,379**	943,931
		185,448,418	183,742,931	**155,014,558**	149,085,281
TOTAL ASSETS		**235,180,534**	235,447,833	**199,310,732**	200,430,209

Statements of Financial Position
As at 30 June 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	16	**85,162,500**	85,162,500	**85,162,500**	85,162,500
Share premium	17	**28,989,335**	28,989,335	**28,989,335**	28,989,335
Treasury shares	18	**(1,225,544)**	(1,225,544)	**(1,225,544)**	(1,225,544)
Other reserves	19	**(11,839,349)**	(10,585,388)	**(19,028,067)**	(17,332,161)
Retained earnings		**106,238,093**	103,459,128	**100,923,411**	101,629,772
Equity attributable to owners of the parent		**207,325,035**	205,800,031	**194,821,635**	197,223,902
Non-controlling interests		**16,381,189**	18,643,064	**-**	-
Total Equity		**223,706,224**	224,443,095	**194,821,635**	197,223,902
Liabilities					
Non-Current Liability					
Deferred tax liabilities	8	**119,000**	110,000	**-**	-
Current Liabilities					
Trade payables	20	**4,703,734**	3,289,591	**-**	-
Other payables	21	**6,482,989**	7,073,941	**548,006**	557,407
Amount owing to subsidiaries	13	**-**	-	**3,814,973**	2,378,476
Tax liabilities		**168,587**	531,206	**126,118**	270,424
		11,355,310	10,894,738	**4,489,097**	3,206,307
Total Liabilities		**11,474,310**	11,004,738	**4,489,097**	3,206,307
TOTAL EQUITY AND LIABILITIES		**235,180,534**	235,447,833	**199,310,732**	200,430,209

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Continuing operations					
Revenue	22	**51,859,358**	56,086,576	**2,000,000**	5,340,000
Direct operating costs	23	**(37,462,595)**	(43,263,389)	**-**	-
Gross profit		**14,396,763**	12,823,187	**2,000,000**	5,340,000
Other income		**8,141,956**	7,495,332	**6,591,403**	5,441,347
Selling and distribution costs		**(8,528,445)**	(8,165,849)	**-**	-
Administrative expenses		**(8,360,377)**	(8,263,128)	**(827,295)**	(852,827)
Other operating expenses		**(859,998)**	(250,310)	**(5,458,881)**	(800)
		(17,748,820)	(16,679,287)	**(6,286,176)**	(853,627)
Profit from operations		**4,789,899**	3,639,232	**2,305,227**	9,927,720
Share of results of associates		**3,746,866**	4,796,359	**-**	-
Profit before tax	24	**8,536,765**	8,435,591	**2,305,227**	9,927,720
Taxation	25	**(2,182,096)**	(1,473,280)	**(914,518)**	(344,072)
Profit net of tax from continuing operations		**6,354,669**	6,962,311	**1,390,709**	9,583,648
Discontinued operation					
Loss net of tax from discontinued operation	26	**-**	(229,960)	**-**	-
Profit net of tax		**6,354,669**	6,732,351	**1,390,709**	9,583,648
Other comprehensive income:					
Foreign currency translation differences		**1,404,654**	3,400,857	**-**	-
Fair value adjustment of available-for-sale investments		**(1,695,906)**	(10,175,437)	**(1,695,906)**	(10,175,437)
Other comprehensive income, net of tax		**(291,252)**	(6,774,580)	**(1,695,906)**	(10,175,437)
Total comprehensive income for the financial year		**6,063,417**	(42,229)	**(305,197)**	(591,789)

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Profit attributable to:					
Owners of the parent		**4,641,875**	4,748,514	**1,390,709**	9,583,648
Non-controlling interests		**1,712,794**	1,983,837	**-**	-
		6,354,669	6,732,351	**1,390,709**	9,583,648
Total comprehensive income attributable to:					
Owners of the parent		**4,053,958**	(3,547,871)	**(305,197)**	(591,789)
Non-controlling interests		**2,009,459**	3,505,642	**-**	-
		6,063,417	(42,229)	**(305,197)**	(591,789)
Earnings/(Loss) per share	27				
Basic earnings/(loss) per share (sen):					
Earnings from continuing operations		**5.53**	5.81		
Loss from discontinued operation		**-**	(0.15)		
Total		**5.53**	5.66		
Diluted earnings/(loss) per share (sen):		**N/A**	N/A		

N/A - Not Applicable

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

Statements of Changes in Equity

For the financial year ended 30 June 2016

Group	Share Capital RM	Share Premium RM	Reserves of Subsidiary RM	Foreign Currency Translation Reserve RM	Fair Value Reserve RM	Other Reserve RM	Retained Earnings RM	Treasury Shares RM	Total RM	Non-Controlling Interests RM	Total Equity RM
	← Attributable to Owners of the Parent →										
	← Non-distributable →						Distributable				
Balance as at 1 July 2014	85,162,500	28,989,335	234,160	4,353,461	(7,156,724)	280,100	101,059,332	(1,225,544)	211,696,620	17,092,178	228,788,798
Comprehensive income											
Profit net of tax	-	-	-	-	-	-	4,748,514	-	4,748,514	1,983,837	6,732,351
Other comprehensive income											
Foreign currency translation differences	-	-	-	1,879,052	-	-	-	-	1,879,052	1,521,805	3,400,857
Fair value adjustment of available-for-sale investments	-	-	-	-	(10,175,437)	-	-	-	(10,175,437)	-	(10,175,437)
Total other comprehensive income for the financial year	-	-	-	1,879,052	(10,175,437)	-	-	-	(8,296,385)	1,521,805	(6,774,580)
Total comprehensive income for the financial year	-	-	-	1,879,052	(10,175,437)	-	4,748,514	-	(3,547,871)	3,505,642	(42,229)
Transactions with owners:											
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(2,165,000)	(2,165,000)
Dividends paid (Note 28)	-	-	-	-	-	-	(2,348,718)	-	(2,348,718)	-	(2,348,718)
Subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	-	210,244	210,244
Total transactions with owners	-	-	-	-	-	-	(2,348,718)	-	(2,348,718)	(1,954,756)	(4,303,474)
Balance as at 30 June 2015	85,162,500	28,989,335	234,160	6,232,513	(17,332,161)	280,100	103,459,128	(1,225,544)	205,800,031	18,643,064	224,443,095

Statements of Changes in Equity

For the financial year ended 30 June 2016

	Attributable to Owners of the Parent										
	Non-distributable						Distributable				
Group	Share Capital RM	Share Premium RM	Reserves of Subsidiary RM	Foreign Currency Translation Reserve RM	Fair Value Reserve RM	Other Reserve RM	Retained Earnings RM	Treasury Shares RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance as at 1 July 2015	**85,162,500**	**28,989,335**	**234,160**	**6,232,513**	**(17,332,161)**	**280,100**	**103,459,128**	**(1,225,544)**	**205,800,031**	**18,643,064**	**224,443,095**
Comprehensive income											
Profit net of tax	-	-	-	-	-	-	4,641,875	-	4,641,875	1,712,794	6,354,669
Other comprehensive income											
Foreign currency translation differences	-	-	-	1,107,989	-	-	-	-	1,107,989	296,665	1,404,654
Fair value adjustment of available-for-sale investments	-	-	-	-	(1,695,906)	-	-	-	(1,695,906)	-	(1,695,906)
Total other comprehensive income for the financial year	-	-	-	1,107,989	(1,695,906)	-	-	-	(587,917)	296,665	(291,252)
Total comprehensive income for the financial year	-	-	-	1,107,989	(1,695,906)	-	4,641,875	-	4,053,958	2,009,459	6,063,417
Transactions with owners:											
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(3,465,000)	(3,465,000)
Dividends paid (Note 28)	-	-	-	-	-	-	(2,097,070)	-	(2,097,070)	-	(2,097,070)
Deregistration of a subsidiary	-	-	(234,160)	(431,884)	-	-	234,160	-	(431,884)	(806,334)	(1,238,218)
Total transactions with owners	-	-	(234,160)	(431,884)	-	-	(1,862,910)	-	(2,528,954)	(4,271,334)	(6,800,288)
Balance as at 30 June 2016	**85,162,500**	**28,989,335**	**-**	**6,908,618**	**(19,028,067)**	**280,100**	**106,238,093**	**(1,225,544)**	**207,325,035**	**16,381,189**	**223,706,224**

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

	Non-distributable			Distributable		
Company	**Share Capital RM**	**Share Premium RM**	**Fair Value Reserve RM**	**Retained Earnings RM**	**Treasury Shares RM**	**Total Equity RM**
Balance as at 1 July 2014	85,162,500	28,989,335	(7,156,724)	94,394,842	(1,225,544)	200,164,409
Comprehensive income						
Profit net of tax	-	-	-	9,583,648	-	9,583,648
Other comprehensive income						
Fair value adjustment of available-for-sale investments	-	-	(10,175,437)	-	-	(10,175,437)
Total comprehensive income for the financial year	-	-	(10,175,437)	9,583,648	-	(591,789)
Transaction with owners:						
Dividends paid (Note 28)	-	-	-	(2,348,718)	-	(2,348,718)
Total transactions with owners	-	-	-	(2,348,718)	-	(2,348,718)
Balance as at 30 June 2015	85,162,500	28,989,335	(17,332,161)	101,629,772	(1,225,544)	197,223,902
Balance as at 1 July 2015	**85,162,500**	**28,989,335**	**(17,332,161)**	**101,629,772**	**(1,225,544)**	**197,223,902**
Comprehensive income						
Profit net of tax	**-**	**-**	**-**	**1,390,709**	**-**	**1,390,709**
Other comprehensive income						
Fair value adjustment of available-for-sale investments	**-**	**-**	**(1,695,906)**	**-**	**-**	**(1,695,906)**
Total comprehensive income for the financial year	**-**	**-**	**(1,695,906)**	**1,390,709**	**-**	**(305,197)**
Transaction with owners:						
Dividends paid (Note 28)	**-**	**-**	**-**	**(2,097,070)**	**-**	**(2,097,070)**
Total transactions with owners	**-**	**-**	**-**	**(2,097,070)**	**-**	**(2,097,070)**
Balance as at 30 June 2016	**85,162,500**	**28,989,335**	**(19,028,067)**	**100,923,411**	**(1,225,544)**	**194,821,635**

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

Statements of Cash Flows

For the financial year ended 30 June 2016

	Note	Group 2016 RM	Group 2015 RM
Cash Flows From Operating Activities			
Profit/(Loss) before tax			
- Continuing operations		**8,536,765**	8,435,591
- Discontinued operation		**-**	(161,869)
Adjustments for:			
Amount owing by an associate written off		**-**	37,005
Bad debts written off		**-**	74,564
Depreciation of property, plant and equipment		**700,058**	613,826
Impairment loss on trade receivables		**774,018**	69,409
Inventories written down		**76,883**	105,637
Property, plant and equipment written off		**12**	71
Interest income		**(5,793,516)**	(5,279,281)
Gain on deregistration of a subsidiary	5(a)	**(517,052)**	-
Gain on disposal of property, plant and equipment		**(3,998)**	(39,997)
Gain on disposal of unquoted investments		**(11)**	(28,426)
Share of results of associates		**(3,746,866)**	(4,796,359)
Reversal of impairment loss on amount owing by an associate		**-**	(37,005)
Reversal of impairment loss on trade receivables		**(742,494)**	(93,925)
Reversal of write down of inventories		**(170,390)**	(48,312)
Unrealised loss/(gain) on foreign exchange		**26,286**	(120,248)
Operating loss before working capital changes		**(860,305)**	(1,269,319)
Decrease/(Increase) in inventories		**2,839,183**	(49,692)
Increase in receivables		**(637,089)**	(746,194)
Increase/(Decrease) in payables		**814,240**	(1,490,793)
Cash generated from/(used in) operations		**2,156,029**	(3,555,998)
Interest received		**5,507,982**	5,159,342
Income tax paid		**(2,650,486)**	(2,316,841)
Income tax refunded		**402,780**	792,425
Net cash generated from operating activities		**5,416,305**	78,928

	Note	Group 2016 RM	2015 RM
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		**(475,188)**	(684,380)
Repayment from an associate		**-**	26,000
Dividends received from associates		**7,131,192**	3,374,288
Proceeds from disposal of property, plant and equipment		**4,003**	40,000
Proceeds from disposal of unquoted investments		**11**	69,436
Net cash outflow on deregistration of a subsidiary	5(a)	**(721,166)**	-
Net cash generated from investing activities		**5,938,852**	2,825,344
Cash Flows From Financing Activities			
Dividends paid		**(2,097,070)**	(2,348,718)
Increase in pledged fixed deposits		**-**	(35,000)
Proceeds from non-controlling interest on subscription of shares in a subsidiary		**-**	210,244
Dividends paid to non-controlling interests by subsidiaries		**(3,465,000)**	(2,165,000)
Net cash used in financing activities		**(5,562,070)**	(4,338,474)
Net increase/(decrease) in cash and cash equivalents		**5,793,087**	(1,434,202)
Effect of exchange rate changes		**(9,895)**	315,672
Cash and cash equivalents at the beginning of the financial year		**149,031,110**	150,149,640
Cash and cash equivalents at the end of the financial year		**154,814,302**	149,031,110
Cash and cash equivalents at the end of the financial year comprise:			
Deposits with licensed banks		**150,859,694**	144,164,724
Cash and bank balances		**5,524,608**	6,436,386
	29	**156,384,302**	150,601,110
Less: Deposits pledged to licensed bank		**(1,570,000)**	(1,570,000)
		154,814,302	149,031,110

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

Statements of Cash Flows
For the financial year ended 30 June 2016

	Note	Company 2016 RM	2015 RM
Cash Flows From Operating Activities			
Profit before tax		**2,305,227**	9,927,720
Adjustments for:			
Depreciation of property, plant and equipment		**573**	573
Impairment loss on investment in subsidiaries		**5,352,275**	-
Waiver of amount owing by subsidiaries		**102,540**	-
Gain on disposal of unquoted investments		**(11)**	(28,426)
Interest income		**(5,391,170)**	(4,804,318)
Reversal of impairment loss on amount owing by subsidiaries		**(56,108)**	(599,081)
Unrealised gain on foreign exchange		**(1,806)**	(5,771)
Windfall from waiver of amount owing to subsidiaries		**(1,136,563)**	-
Operating profit before working capital changes		**1,174,957**	4,490,697
Decrease/(Increase) in receivables		**26,549**	(33,092)
(Decrease)/Increase in payables		**(9,401)**	28,294
Cash generated from operations		**1,192,105**	4,485,899
Interest received		**5,081,198**	4,742,845
Income tax paid		**(1,058,824)**	(648,068)
Income tax refunded		**-**	102,528
Net cash generated from operating activities		**5,214,479**	8,683,204
Cash Flows From Investing Activities			
Proceeds from disposal of unquoted investments		**11**	69,436
Repayments from subsidiaries		**1,135,488**	5,606,973
Net cash generated from investing activities		**1,135,499**	5,676,409
Cash Flows From Financing Activities			
Advances from/(Repayments to) subsidiaries		**2,573,060**	(4,922,119)
Dividends paid		**(2,097,070)**	(2,348,718)
Net cash generated from/(used in) financing activities		**475,990**	(7,270,837)

	Note	Company 2016 RM	2015 RM
Net increase in cash and cash equivalents		**6,825,968**	7,088,776
Effect of exchange rate changes		**1,806**	5,771
Cash and cash equivalents at the beginning of the financial year		**132,423,990**	125,329,443
Cash and cash equivalents at the end of the financial year		**139,251,764**	132,423,990
Cash and cash equivalents at the end of the financial year comprise:			
Deposits with licensed banks		**139,169,385**	131,480,059
Cash and bank balances		**82,379**	943,931
	29	**139,251,764**	132,423,990

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

1. CORPORATE INFORMATION

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

The Company's principal place of business and registered office is located at Etiqa Twins, Tower 1, Level 13, 11 Jalan Pinang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 5.

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

The financial statements of the Group and of the Company for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 30 September 2016.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group and the Company:-

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 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. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 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 MFRS 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. MFRS 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 MFRS 139.

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group and the Company are in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. The right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments, and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee for leases that are classified as operating leases under the predecessor standard, MFRS 117.

The Directors of the Group and of the Company will assess the impact of the application of MFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application on MFRS 16 until the Group and the Company perform a detailed review.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(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.

2. BASIS OF PREPARATION (CONT'D)

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

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 financial year are set out below:-

(i) Useful lives of property, plant and equipment (Note 4)

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.

(ii) Impairment of investment in subsidiaries

The Company reviews its investment in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. 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 subsidiaries is disclosed in Note 5.

(iii) 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. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 8.

(iv) 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 levels 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 9.

(v) Impairment of loan 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.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (cont'd)

(v) Impairment of loan and receivables (cont'd)

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 receivables are disclosed in Note 10, 11, 13 and 14 respectively.

(vi) Income taxes

Judgement 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. As at 30 June 2016, the Group has tax recoverable and payable of RM198,529 (2015: RM371,538) and RM168,587 (2015: RM531,206) respectively.

(vii) 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 36.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries 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. Subsidiaries 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

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. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries is 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(k) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, 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.

(iv) 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 acquire 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 acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investment in associates 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(k) on impairment of non-financial assets.

(c) Foreign currency translation

(i) 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 translated using the rate at the date of transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

(i) Foreign currency transactions and balances (cont'd)

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 Group's net investment in foreign operation are recognised in profit or loss in the Group'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.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (cont'd)

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

(i) 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 presented as 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 or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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.

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 gain or loss that had been recognised in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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 measured at amortised cost.

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

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.

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

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.

(f) 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.

(g) 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 loss is in accordance with Note 3(k).

(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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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.

(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 profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost or valuation of each property, plant and equipment to its residual value over its estimated useful life. Property, plant and equipment under construction/installation are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives as follows:-

Leasehold land	2%
Buildings	2%
Plant and machinery	10 - 20%
Office equipment, furniture, fittings, renovations and motor vehicles	10 - 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.

(h) 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 and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases (cont'd)

<u>As lessee</u>

Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(i) Inventories

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

Cost of raw materials, spare parts and consumables are determined on the weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads.

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.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits 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 statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(k) Impairment of 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, the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

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 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.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiaries and associates, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

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 its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity securities carried at cost

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

(l) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

Dividend distribution to the Company's shareholders is recognised as a liability in the period it is approved by the Board of Directors except for the final dividend which is subject to approval by the Company's 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 profit or loss on the sale, re-issuance or cancellation of the treasury shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Share capital (cont'd)

(ii) Treasury shares (cont'd)

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.

(m) Revenue recognition

(i) Sale of goods

Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue 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) Interest income

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

(iii) Dividend revenue

Dividend revenue is recognised when the rights to receive payment is established.

(n) 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.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). The Group's foreign subsidiaries in The People's Republic of China also make contributions to their country's statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial 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 statements 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 tax rates that have been enacted or substantively enacted by the end of the reporting period.

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) Segments reporting

An operating segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provide to the Group's chief operating decision maker and Group's board of directors who are responsible for allocating and assessing performance of the operating segments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Contingencies

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

(r) Non-current assets (or disposal groups) held for sale and discontinued operation

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Short Term Leasehold Land RM	Buildings RM	Plant & Machinery RM	Office Equipment, Furniture, Fittings, Renovations & Motor Vehicles RM	Total RM
2016					
Cost					
At 1 July 2015	**1,300,000**	**3,693,675**	**7,286,798**	**5,367,708**	**17,648,181**
Additions	**-**	**-**	**186,056**	**289,132**	**475,188**
Disposals	**-**	**-**	**(199,261)**	**-**	**(199,261)**
Written off	**-**	**-**	**-**	**(12)**	**(12)**
At 30 June 2016	**1,300,000**	**3,693,675**	**7,273,593**	**5,656,828**	**17,924,096**
Accumulated Depreciation					
At 1 July 2015	**607,074**	**1,759,520**	**5,219,393**	**4,205,643**	**11,791,630**
Charge for the financial year	**25,765**	**73,874**	**301,825**	**298,594**	**700,058**
Disposals	**-**	**-**	**(199,256)**	**-**	**(199,256)**
At 30 June 2016	**632,839**	**1,833,394**	**5,321,962**	**4,504,237**	**12,292,432**
Net Carrying Amount					
At 30 June 2016	**667,161**	**1,860,281**	**1,951,631**	**1,152,591**	**5,631,664**
2015					
Cost					
At 1 July 2014	1,300,000	3,693,675	7,835,024	5,449,749	18,278,448
Additions	-	-	182,958	501,422	684,380
Disposals	-	-	-	(362,932)	(362,932)
Written off	-	-	(731,184)	(220,531)	(951,715)
At 30 June 2015	1,300,000	3,693,675	7,286,798	5,367,708	17,648,181
Accumulated Depreciation					
At 1 July 2014	581,303	1,685,646	5,658,781	4,566,647	12,492,377
Charge for the financial year	25,771	73,874	291,784	222,397	613,826
Disposals	-	-	-	(362,929)	(362,929)
Written off	-	-	(731,172)	(220,472)	(951,644)
At 30 June 2015	607,074	1,759,520	5,219,393	4,205,643	11,791,630
Net Carrying Amount					
At 30 June 2015	692,926	1,934,155	2,067,405	1,162,065	5,856,551

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

Company	Office Equipment RM	Renovation RM	Furniture & Fittings RM	Motor Vehicle RM	Total RM
2016					
Cost					
At 1 July 2015/30 June 2016	**25,934**	**190,182**	**141,681**	**588,000**	**945,797**
Accumulated Depreciation					
At 1 July 2015	**24,252**	**190,142**	**141,540**	**587,999**	**943,933**
Charge for the financial year	**559**	**-**	**14**	**-**	**573**
At 30 June 2016	**24,811**	**190,142**	**141,554**	**587,999**	**944,506**
Net Carrying Amount					
At 30 June 2016	**1,123**	**40**	**127**	**1**	**1,291**
2015					
Cost					
At 1 July 2014/30 June 2015	25,934	190,182	141,681	588,000	945,797
Accumulated Depreciation					
At 1 July 2014	23,693	190,142	141,526	587,999	943,360
Charge for the financial year	559	-	14	-	573
At 30 June 2015	24,252	190,142	141,540	587,999	943,933
Net Carrying Amount					
At 30 June 2015	1,682	40	141	1	1,864

5. INTERESTS IN SUBSIDIARIES

	Company 2016 RM	2015 RM
Investment in subsidiaries		
Unquoted shares, at cost	**31,092,189**	31,092,189
Less: Accumulated impairment losses	**(5,452,275)**	(100,000)
	25,639,914	30,992,189
Amount owing by a subsidiary		
Amount owing by a subsidiary	**5,728,837**	5,731,862
Less: Allowance for impairment losses	**(5,728,837)**	(5,731,862)
	-	-

During the financial year, impairment losses on investment in Dream Tours Sdn. Bhd. and Kanzen Kagu Sdn. Bhd. amounting to RM1,000,000 and RM4,352,275 respectively were recognised.

Amount owing by a subsidiary is non-trade in nature, unsecured and interest free. The settlements of the amount are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment losses.

The movement in allowance for impairment is individually impaired as follows:-

	Company 2016 RM	2015 RM
At 1 July	**5,731,862**	6,330,943
Reversal	**(3,025)**	(599,081)
At 30 June	**5,728,837**	5,731,862

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Direct Interest (%) 2016	2015	Principal Activities
Held by the Company				
+Creation Holdings Berhad	Malaysia	**100**	100	Dormant
Dreamland Spring Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Dream Tours Sdn. Bhd.	Malaysia	**100**	100	Dormant
+Estasi Stainlessware Sdn. Bhd.	Malaysia	**100**	100	Dormant
++Global Glister Limited	*Hong Kong	**100**	100	Dormant
+Kanzen Chuzoo Sdn. Bhd.	Malaysia	**100**	100	Dormant
+Kanzen Hartanah Sdn. Bhd.	Malaysia	**100**	100	Dormant

5. INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Country of Incorporation	Effective Direct Interest (%) 2016	2015	Principal Activities
Held by the Company (cont'd)				
+Kanzen Land Sdn. Bhd.	Malaysia	**100**	100	Dormant
Kanzen Management Sdn. Bhd.	Malaysia	**100**	100	Providing management and secretarial services
+Kanzen Properties Sdn. Bhd.	Malaysia	**100**	100	Dormant
Kanzen Shindo Sdn. Bhd.	Malaysia	**70**	70	Dormant
KT Fittings Sdn. Bhd.	Malaysia	**100**	100	Manufacture and sale of stainless steel butt-weld fittings and other related products
Kanzen Kagu Sdn. Bhd.	Malaysia	**100**	100	Dormant
Kanzen Ventures Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Restonic (M) Sdn. Bhd.	Malaysia	**85.72**	85.72	Investment holding

Name of Company	Country of Incorporation	Effective Indirect Interest (%) 2016	2015	Principal Activities
Held through Dreamland Spring Sdn. Bhd.				
Nantong Dreamland Steel Products Co. Ltd.	*The People's Republic of China	**-**	55	Deregistered
Dreamland Marketing (Shanghai) Co. Ltd.	*The People's Republic of China	**65**	65	Retail marketing of bedding products
Held through KT Fittings Sdn. Bhd.				
Kanzen Marketing Sdn. Bhd.	Malaysia	**100**	100	Dormant
Held through Kanzen Ventures Sdn. Bhd.				
Kanzen Energy Ventures Sdn. Bhd.	Malaysia	**55**	55	Investment holding
Held through Restonic (M) Sdn. Bhd.				
Dreamland Corporation (Malaysia) Sdn. Bhd.	Malaysia	**85.72**	85.72	Wholesales dealership and retailing of mattresses, furniture and related accessories

5. INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:- (cont'd)

Name of Company	Country of Incorporation	Effective Indirect Interest (%) 2016	2015	Principal Activities
Held through Restonic (M) Sdn. Bhd. (cont'd)				
Dreamland Spring Manufacturing Sdn. Bhd.	Malaysia	**85.72**	85.72	Manufacture and wholesale dealership of mattresses
Eurocoir Products Sdn. Bhd.	Malaysia	**85.72**	85.72	Manufacture and sale of polyester pillows and bolsters
Dream Products Sdn. Bhd.	Malaysia	**85.72**	85.72	Manufacture and sale of synthetic foam, bedding co-ordinates, sponge pillows and bolsters
Dream Crafts Sdn. Bhd.	Malaysia	**85.72**	85.72	Marketing and sales promotion of furniture, mattresses and related accessories
Sleepmaker Sdn. Bhd.	Malaysia	**85.72**	85.72	Dormant

* *Audited by firms of auditors other than UHY.*

\+ *On 7 April 2016, the applications to strike-off the respective companies' names are pending approval from Companies Commission of Malaysia.*

++ *On 13 September 2016, the application to deregister the company's name is pending approval from Companies Registry in Hong Kong.*

(a) Deregistration of a subsidiary

On 11 September 2015, Nantong Dreamland Steel Products Co. Ltd. ("NDSP"), a 55%-owned subsidiary of Dreamland Spring Sdn. Bhd. ("DSSB"), was deregistered and ceased to be a subsidiary of DSSB. The subsidiary was previously reported as discontinued operation - other operations segment.

The effect of the deregistration of NDSP on the financial position of the Group was as follows:-

	2016 RM
Cash and bank balances	**1,602,375**
Less : Non-controlling interest	**(806,334)**
	796,041
Less : Realisation of foreign currency translation reserve	**(431,884)**
Share of net assets deregistered	**364,157**
Add : Gain on deregistration of a subsidiary	**517,052**
Distribution from deregistration	**881,209**
Less : Cash and bank balances deregistered	**(1,602,375)**
Net cash outflow on deregistration of a subsidiary	**(721,166)**

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of a subsidiary

In the previous financial year, DSSB, a wholly-owned subsidiary of the Company, incorporated a 65%-owned subsidiary in The People's Republic of China namely Dreamland Marketing (Shanghai) Co. Ltd. with a cash subscription of RMB650,000 (equivalent to RM390,453).

(c) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:-

	Proportion of Ownership Interests and Voting Rights Held by Non-Controlling Interests		Profit Allocated to Non-Controlling Interests		Accumulated Non-Controlling Interests	
Name of Company	**2016 %**	**2015 %**	**2016 RM**	**2015 RM**	**2016 RM**	**2015 RM**
Restonic (M) Sdn. Bhd. Group	**14.28**	14.28	**243,243**	133,788	**2,687,707**	2,444,464
Kanzen Energy Ventures Sdn. Bhd. Economic Entity	**45**	45	**1,386,634**	1,947,592	**13,385,146**	15,172,824
Individually immaterial subsidiaries with non-controlling interests					**308,336**	1,025,776
Total non-controlling interests					**16,381,189**	18,643,064

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statements of financial position

	Restonic (M) Sdn. Bhd. Group		Kanzen Energy Ventures Sdn. Bhd. Economic Entity	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Non-current assets	**11,057,635**	11,027,876	**21,760,352**	22,399,225
Current assets	**21,714,251**	19,978,085	**7,995,025**	11,528,000
Non-current liabilities	**(119,485)**	(110,365)	**-**	-
Current liabilities	**(7,408,181)**	(7,354,757)	**(10,610)**	(209,840)
Net assets	**25,244,220**	23,540,839	**29,744,767**	33,717,385

5. INTERESTS IN SUBSIDIARIES (CONT'D)

(c) Material partly-owned subsidiaries (cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

	Restonic (M) Sdn. Bhd. Group		Kanzen Energy Ventures Sdn. Bhd. Economic Entity	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Revenue	**35,611,668**	36,038,269	**-**	-
Profit for the financial year	**1,703,381**	936,893	**3,081,409**	4,327,982
Other comprehensive income for the financial year	**-**	-	**645,973**	3,096,102
Total comprehensive income for the financial year	**1,703,381**	936,893	**3,727,382**	7,424,084

(iii) Summarised statements of cash flows

	Restonic (M) Sdn. Bhd. Group		Kanzen Energy Ventures Sdn. Bhd. Economic Entity	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Net cash generated from/(used in) operating activities	**1,286,885**	(324,894)	**(401,226)**	(256,390)
Net cash (used in)/generated from investing activities	**(469,485)**	(290,030)	**6,409,514**	3,374,288
Net cash used in financing activities	**-**	(1,015,000)	**(7,700,000)**	(4,500,000)
Net increase/(decrease) in cash and cash equivalents	**817,400**	(1,629,924)	**(1,691,712)**	(1,382,102)
Dividend paid to non-controlling interests	**-**	140,000	**3,465,000**	2,025,000

6. INVESTMENT IN ASSOCIATES

	Group 2016 RM	Group 2015 RM
Outside Malaysia		
Unquoted shares at cost	**12,196,037**	12,196,037
Share of post acquisition reserve	**3,729,211**	5,047,322
	15,925,248	17,243,359
Add: Exchange differences	**8,635,235**	7,254,117
	24,560,483	24,497,476

Details of the associates are as follows:-

Name of Company	Country of Incorporation	Effective Indirect Interest (%) 2016	Effective Indirect Interest (%) 2015	Principal Activities
Held through Dreamland Spring Sdn. Bhd.				
Dreamland Dalian Pte. Ltd.	The People's Republic of China	**40**	40	Manufacture and marketing of spring mattresses
Dreamland Shanghai Pte. Ltd.	The People's Republic of China	**40**	40	Manufacture and marketing of spring mattresses
Held through Kanzen Energy Ventures Sdn. Bhd.				
Jiangyin Binjiang Power Supply Co. Ltd.	The People's Republic of China	**16.5**	16.5	Production and marketing of electric power and steam
Jiangyin Chengdong Power Supply Co. Ltd.	The People's Republic of China	**16.5**	16.5	Production and marketing of electric power and steam

(a) The Group equity accounts for its share of post-acquisition reserves of the associates based on the audited financial statements for the financial year ended 30 June 2016.

(b) In the previous financial years, the Group has written off its investment in Dreamland Jiujiang Pte. Ltd. ("DJPL") which has ceased operations in Year 2005 and remained dormant. The Group has ceased to equity account for its share of losses of DJPL from the financial statements as the carrying amount of this investment has reached nil.

6. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The Group has excluded to equity account for its share of loss of the associate, Dreamland Dalian Pte. Ltd. from the financial statements as the carrying amount of this investment has reached nil. The results not recognised are as follows:-

	Group	
	2016	**2015**
	RM	**RM**
Loss for the financial year	**-**	107,026
Accumulated losses	**59,085**	107,026

(d) The summarised financial information of the Group's material associates i.e. Dreamland Shanghai Pte. Ltd. ("DSPL") Group, Jiangyin Binjiang Power Supply Co. Ltd. ("JBP") and Jiangyin Chengdong Power Supply Co. Ltd. ("JCP") is set out below.

The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

	DSPL Group		JBP		JCP	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Current assets	**13,383,155**	11,197,506	**61,887,581**	15,190,158	**42,407,417**	42,469,404
Non-current assets	**934,802**	850,528	**63,488,423**	61,741,956	**12,971,515**	13,296,014
Current liabilities	**(7,563,732)**	(5,291,264)	**(84,266,685)**	(37,313,498)	**(22,539,292)**	(20,635,617)
Net assets	**6,754,225**	6,756,770	**41,109,319**	39,618,616	**32,839,640**	35,129,801

6. INVESTMENT IN ASSOCIATES (CONT'D)

(d) The summarised financial information of the Group's material associates i.e. Dreamland Shanghai Pte. Ltd. ("DSPL") Group, Jiangyin Binjiang Power Supply Co. Ltd. ("JBP") and Jiangyin Chengdong Power Supply Co. Ltd. ("JCP") is set out below. (cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

	DSPL Group		JBP		JCP	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**	**2016 RM**	**2015 RM**
Included in total comprehensive income is:						
Revenue	**24,173,441**	43,884,688	**123,643,424**	52,955,467	**72,792,882**	60,095,123
Profit for the financial year	**917,161**	99,323	**4,792,280**	5,292,229	**7,564,458**	9,911,353
Other comprehensive income	**-**	-	**-**	-	**-**	-
Total comprehensive income	**917,161**	99,323	**4,792,280**	5,292,229	**7,564,458**	9,911,353
Other information:						
Dividends received	**721,678**	-	**2,116,421**	1,331,736	**4,293,093**	2,042,552

(e) Aggregate information of associates that are not individually material are nil as the carrying amount of this investment has reached nil.

7. AVAILABLE-FOR-SALE INVESTMENTS

	Group/Company 2016 RM	2015 RM
Non-current		
Equity securities listed in Malaysia measured at fair value on recurring basis and classified as Level 1 fair value hierarchy	**18,654,969**	20,350,875

Movement in available-for-sale investments is as follows:-

	Group/Company 2016 RM	2015 RM
At 1 July	**20,350,875**	30,567,322
Disposals	**-**	(41,010)
Fair value adjustment	**(1,695,906)**	(10,175,437)
At 30 June	**18,654,969**	20,350,875

8. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2016 RM	2015 RM
Deferred tax assets		
At 1 July	**1,000,000**	956,000
Recognised in profit or loss (Note 25)	**(115,000)**	44,000
At 30 June	**885,000**	1,000,000
Deferred tax liabilities		
At 1 July	**(110,000)**	(122,000)
Recognised in profit or loss (Note 25)	**(9,000)**	12,000
At 30 June	**(119,000)**	(110,000)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

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

This is in respect of estimated deferred tax assets/(liabilities) arising from the following temporary differences:-

	Group	
	2016 RM	2015 RM
Deferred tax assets		
Deductible temporary differences arising from expenses	**885,000**	1,000,000
	885,000	1,000,000
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their income tax base	**(205,300)**	(201,300)
Unutilised income tax losses	**-**	200
Unabsorbed capital allowances	**86,300**	91,100
	(119,000)	(110,000)

The deferred tax assets recognised in the financial statements are in respect of unutilised income tax losses and unabsorbed capital allowances which can be utilised to set-off against probable future taxable income based on profit forecast and projection for the next five financial years.

The estimated amount of temporary differences for which no deferred tax assets is recognised in the financial statements are as follows:-

	Group	
	2016 RM	2015 RM
Difference between the carrying amounts of property, plant and equipment and their income tax base	**200**	500
Unutilised income tax losses	**23,964,700**	22,196,500
Unabsorbed capital allowances	**1,932,100**	1,754,600
Unutilised reinvestment allowances	**1,129,300**	1,129,300
	27,026,300	25,080,900

	Company	
	2016 RM	2015 RM
Difference between the carrying amounts of property, plant and equipment and their income tax base	**200**	500
Unabsorbed capital allowances	**205,600**	205,600
	205,800	206,100

9. INVENTORIES

	Group 2016 RM	Group 2015 RM
At cost,		
Finished goods	**5,889,743**	6,819,048
Raw materials	**4,833,743**	5,039,927
Work-in-progress	**1,440,180**	2,937,995
Spare parts and consumables	**11,448**	123,820
	12,175,114	14,920,790
Recognised in profit or loss:		
Inventories recognised as direct operating costs	**29,943,628**	35,794,116
Inventories written down	**76,883**	105,637
Reversal of write down of inventories	**(170,390)**	(48,312)

10. TRADE RECEIVABLES

	Group 2016 RM	Group 2015 RM
Trade receivables	**13,828,338**	12,155,237
Less: Allowance for impairment losses	**(665,042)**	(681,558)
	13,163,296	11,473,679

The movements in allowance for impairment are individually impaired as follows:-

	Group 2016 RM	Group 2015 RM
At 1 July	**681,558**	812,007
Impairment losses recognised	**774,018**	69,409
Written off	**(48,040)**	(105,933)
Reversal of impairment	**(742,494)**	(93,925)
At 30 June	**665,042**	681,558

Credit terms of trade receivables of the Group ranged from 30 to 90 days (2015: 30 to 90 days).

10. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:-

	Group 2016 RM	Group 2015 RM
Neither past due nor impaired	**8,583,105**	6,823,874
1 to 30 days past due not impaired	**3,216,953**	3,761,529
31 to 60 days past due not impaired	**145,808**	137,998
61 to 90 days past due not impaired	**271,508**	285,870
91 to 120 days past due not impaired	**415,607**	168,841
More than 120 days past due not impaired	**530,315**	295,567
Total past due not impaired	**4,580,191**	4,649,805
Impaired	**665,042**	681,558
	13,828,338	12,155,237

As at 30 June 2016, trade receivables of RM4,580,191 (2015: RM4,649,805) were past due but not impaired because there have been no significant changes in credit quality of the receivables and the amounts are still considered recoverable.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM665,042 (2015: RM681,558) related to customers that are in significant financial difficulties and have defaulted on payments.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The foreign currency exposure profile is as follows:-

	Group 2016 RM	Group 2015 RM
Singapore Dollar	**254,768**	207,952
United States Dollar	**856,388**	1,342,927
	1,111,156	1,550,879

11. OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	**1,561,370**	2,408,628	**575,594**	297,993
Sundry deposits	**1,659,430**	1,649,069	**123,512**	119,210
Prepayments	**188,853**	138,190	**31,921**	30,401
	3,409,653	4,195,887	**731,027**	447,604

Included in other receivables of the Group is foreign currency exposure to United States Dollar amounting to RM828,912 (2015: RM1,477,788).

12. TAX RECOVERABLES

This is in respect of tax instalments paid in advance to and tax recoverable from the Inland Revenue Board.

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Amount owing by subsidiaries	**15,031,767**	16,266,770
Less: Allowance for impairment losses	**-**	(53,083)
	15,031,767	16,213,687

Amount owing by/(to) subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

The movements in allowance for impairment are individually impaired as follows:-

	Company	
	2016 RM	2015 RM
At 1 July	**53,083**	53,083
Reversal of impairment	**(53,083)**	-
At 30 June	**-**	53,083

14. AMOUNT OWING BY ASSOCIATES

	Group	
	2016	**2015**
	RM	**RM**
Amount owing by associates	**740,285**	2,802,688
Less: Allowance for impairment losses	**(622,761)**	(622,761)
	117,524	2,179,927

Amount owing by associates are non-trade in nature, unsecured, interest free and repayable on demand.

The movements in allowance for impairment are individually impaired as follows:-

	Group	
	2016	**2015**
	RM	**RM**
At 1 July	**622,761**	659,766
Written off	**-**	(37,005)
At 30 June	**622,761**	622,761

The foreign currency exposure profile is as follows:-

	Group	
	2016	**2015**
	RM	**RM**
United States Dollar	**3,791**	3,589
Chinese Renminbi	**113,733**	2,176,338
	117,524	2,179,927

15. DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed institutions of the Group amounting to RM1,570,000 (2015: RM1,570,000) are pledged as securities for bank borrowings granted to subsidiaries.

The deposits of the Group and of the Company bear effective interest at rates ranging from 2.10% to 4.15% (2015: 1.90% to 3.95%) per annum and at rates ranging from 3.30% to 4.15% (2015: 3.15% to 3.95%) per annum respectively and mature within one year.

16. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares of RM1 each		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Authorised:				
At 1 July/30 June	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Issued and fully paid:				
At 1 July/30 June	**85,162,500**	85,162,500	**85,162,500**	85,162,500

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

The number of issued and fully paid ordinary shares with voting rights is as follow:-

	Group/Company	
	2016	2015
	Number of Shares	
Issued and fully paid ordinary shares of RM1 each		
Total number of issued and fully paid ordinary shares	**85,162,500**	85,162,500
Less: Ordinary shares held as treasury shares	**(1,279,700)**	(1,279,700)
	83,882,800	83,882,800

17. SHARE PREMIUM

Share premium arose from the issue of ordinary shares and can be utilised for distribution to the members of the Company by way of bonus share issue.

18. TREASURY SHARES

	Group/Company			
	Number Shares		Amount	
	2016 Unit	2015 Unit	2016 RM	2015 RM
Share repurchased				
At 1 July/30 June	**1,279,700**	1,279,700	**1,225,544**	1,225,544

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

18. TREASURY SHARES (CONT'D)

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

There was no share repurchased during the financial year.

No resale, cancellation or distribution of treasury shares were made during the financial year.

19. OTHER RESERVES

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Non-distributable				
Reserves of subsidiary	**-**	234,160	**-**	-
Foreign currency translation reserve	**6,908,618**	6,232,513	**-**	-
Fair value reserve	**(19,028,067)**	(17,332,161)	**(19,028,067)**	(17,332,161)
Other reserve	**280,100**	280,100	**-**	-
	(11,839,349)	(10,585,388)	**(19,028,067)**	(17,332,161)

The nature of reserves of the Group is as follows:-

Reserves of subsidiary

The reserve relates to the subsidiary incorporated in The People's Republic of China maintained in accordance with the regulatory requirements and are not distributable as cash dividends. However, the subsidiary has been deregistered during the year.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Fair value reserve

Fair value reserve represents the cumulative net change in the fair value, net of tax, of available-for-sale investments until they are derecognised or impaired.

Other reserve

This relates to discount on acquisition of non-controlling interest.

20. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 30 to 90 days (2015: 30 to 90 days).

21. OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	**884,419**	932,600	**52,274**	53,726
Accruals	**5,598,570**	6,141,341	**495,732**	503,681
	6,482,989	7,073,941	**548,006**	557,407

These amounts are unsecured, interest free and repayable on demand.

The foreign currency exposure profile is as follows:-

	Group	
	2016 RM	2015 RM
United States Dollar	**-**	158,587
Chinese Renminbi	**79,919**	77,382
	79,919	235,969

22. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	**51,859,358**	56,086,576	**-**	-
Dividend revenue from subsidiaries	**-**	-	**2,000,000**	5,340,000
	51,859,358	56,086,576	**2,000,000**	5,340,000

23. DIRECT OPERATING COSTS

	Group	
	2016 RM	2015 RM
Costs of goods sold	**37,369,129**	43,174,843
Others	**93,466**	88,546
	37,462,595	43,263,389

24. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Amount owing by an associate written off	-	37,005	-	-
Auditors' remuneration				
- current year	**145,708**	135,108	**24,800**	23,000
- underprovision in prior year	**2,648**	-	-	-
Depreciation of property, plant and equipment	**700,058**	613,826	**573**	573
Impairment loss on investment in subsidiaries	-	-	**5,352,275**	-
Impairment loss on trade receivables	**774,018**	69,409	-	-
Inventories written down	**76,883**	105,637	-	-
Net (gain)/loss on foreign exchange				
- realised	**(137,133)**	1,796	**4,066**	-
- unrealised	**26,286**	(120,248)	**(1,806)**	(5,771)
Property, plant and equipment written off	**12**	71	-	-
Rental expenses - premises	**1,638,135**	1,341,401	**285,033**	264,769
Directors' fees - Non-executive Directors	**214,200**	214,200	**214,200**	214,200
Waiver of amount owing by subsidiaries	-	-	**102,540**	-
Bad debts recovered	**(17,000)**	(25,000)	-	-
Gain on disposal of property, plant and equipment	**(3,998)**	(39,997)	-	-
Gain on disposal of unquoted investments	**(11)**	(28,426)	**(11)**	(28,426)
Gain on deregistration of a subsidiary	**(517,052)**	-	-	-
Interest income	**(5,793,516)**	(5,273,868)	**(5,391,170)**	(4,804,318)
Reversal of impairment loss on amount owing by an associate	-	(37,005)	-	-
Reversal of impairment loss on amount owing by subsidiaries	-	-	**(56,108)**	(599,081)
Reversal of impairment loss on trade receivables	**(742,494)**	(37,040)	-	-
Reversal of write down of inventories	**(170,390)**	(48,312)	-	-
Windfall from waiver of amount owing to subsidiaries	-	-	**(1,136,563)**	-

25. TAXATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax expense on continuing operations	**2,182,096**	1,473,280	**914,518**	344,072
Income tax expense on discontinued operation	**-**	68,091	**-**	-
	2,182,096	1,541,371	**914,518**	344,072
Current tax				
Current year				
- Malaysia	**1,562,700**	1,526,700	**922,000**	807,000
- Foreign	**539,048**	357,691	**-**	-
(Over)/Underprovision in prior year				
- Malaysia	**(43,652)**	(355,111)	**(7,482)**	(462,928)
- Foreign	**-**	68,091	**-**	-
	2,058,096	1,597,371	**914,518**	344,072
Deferred tax (Note 8)				
Origination and reversal of temporary differences	**153,284**	(79,270)	**-**	-
(Over)/Underprovision in prior year	**(66,520)**	23,270	**-**	-
Effect on opening deferred tax of reduction in Malaysia income tax rate	**37,236**	-	**-**	-
	124,000	(56,000)	**-**	-
	2,182,096	1,541,371	**914,518**	344,072

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year.

25. TAXATION (CONT'D)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax				
- Continuing operations	**8,536,765**	8,435,591	**2,305,227**	9,927,720
- Discontinued operation	**-**	(161,869)	**-**	-
	8,536,765	8,273,722	**2,305,227**	9,927,720
At Malaysian statutory income tax rate of 24% (2015: 25%)	**2,048,800**	2,068,400	**553,300**	2,481,900
Effect of different income tax rates in foreign jurisdiction	**48,300**	900	**-**	-
Effect on opening deferred tax of reduction in Malaysia income tax rate	**37,236**	-	**-**	-
Effect of income not subject to tax	**(173,412)**	(214,800)	**(766,700)**	(1,493,300)
Effect of expenses not deductible for tax	**283,184**	648,830	**1,399,400**	143,400
Share of tax of associates	**(936,700)**	(1,199,100)	**-**	-
Deferred tax assets not recognised	**470,300**	187,800	**-**	-
Utilisation of current year's income tax losses	**3,600**	2,100	**-**	-
Utilisation of current year's income tax losses under group relief	**-**	-	**(264,000)**	(325,000)
Utilisation of deferred tax assets previously not recognised	**(3,500)**	(46,700)	**-**	-
Withholding tax in foreign jurisdiction	**514,460**	357,691	**-**	-
(Over)/Underprovision of deferred tax in prior year	**(66,520)**	23,270	**-**	-
Overprovision of income tax expense in prior year	**(43,652)**	(287,020)	**(7,482)**	(462,928)
Tax expense for the financial year	**2,182,096**	1,541,371	**914,518**	344,072

The Company had income tax savings arising from the utilisation of current year tax losses under group relief of RM264,000 (2015: RM325,000).

The Company has tax exempt income available for distribution by way of tax exempt dividend of approximately RM10,254,000 (2015: RM10,254,000).

The Company has estimated unabsorbed capital allowances of approximately RM205,600 (2015: RM205,600) available to be carried forward to set-off against future taxable profits.

26. DISCONTINUED OPERATION

Nantong Dreamland Steel Products Co. Ltd. ("NDSP"), a 55%-owned subsidiary of Dreamland Spring Sdn. Bhd. ("DSSB"), which was incorporated in The People's Republic of China and involved in the manufacturing and sale of steel wire products in Nantong, ceased its operation during the financial year 2013. The result of NDSP was presented separately in the Group's statement of profit or loss and other comprehensive income as discontinued operation.

During the financial year, NDSP was deregistered and ceased to be a subsidiary of DSSB as disclosed in Note 5.

(a) The results of the discontinued operation was as follows:-

	Group 2015 RM
Revenue	-
Direct operating costs	(267)
Gross loss	(267)
Other income	63,026
Administrative expenses	(138,571)
Other operating expenses	(86,057)
	(224,628)
Loss before tax	(161,869)
Income tax expense	(68,091)
Loss net of tax	(229,960)

(b) Included in arriving at loss before tax of the discontinued operation was as follows:-

	Group 2015 RM
Auditors' remuneration	4,270
Bad debts written off	74,564
Rental expenses - premises	7,768
Personnel expenses (include key management personnel)	
- Wages, salaries and others	85,297
Interest income	(5,413)
Realised gain on foreign exchange	(728)
Reversal of impairment loss on trade receivables	(56,885)

(c) The cash flows attributable to the discontinued operation was as follows:-

	Group 2015 RM
Net cash used in operating activities, representing effect on cash flows	(200,041)

27. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the Group's profit/(loss) for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:-

	Group	
	2016	**2015**
	RM	**RM**
Profit/(Loss) attributable to owners of the parent for the computation of basic earnings/(loss) per share		
- from continuing operations	**4,641,875**	4,874,992
- from discontinued operation	**-**	(126,478)
	4,641,875	4,748,514

	Group	
	2016	**2015**
	Number of shares	
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share computation	**83,882,800**	83,882,800

	Group	
	2016	**2015**
	Sen	**Sen**
Basic earnings/(loss) per share		
- from continuing operations	**5.53**	5.81
- from discontinued operation	**-**	(0.15)
	5.53	5.66

(b) Diluted earnings/(loss) per share

The Group and the Company have no dilution in their earnings/(loss) per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

28. DIVIDENDS

	Company 2016 RM	Company 2015 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Final dividends paid in respect of financial year ended:		
- 30 June 2015 (single-tier dividend of 2.5% representing 2.5 sen per ordinary share)	**2,097,070**	-
- 30 June 2014 (single-tier dividend of 2.8% representing 2.8 sen per ordinary share)	**-**	2,348,718

The Directors recommend a final single-tier dividend of 2.5% per ordinary share in respect of the financial year ended 30 June 2016, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements do not reflect this dividend which will be recognised as an appropriation of retained earnings in the financial year ending 30 June 2017 when approved by shareholders.

29. CASH AND CASH EQUIVALENTS

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Deposits with licensed banks	**150,859,694**	144,164,724	**139,169,385**	131,480,059
Cash and bank balances	**5,524,608**	6,436,386	**82,379**	943,931
	156,384,302	150,601,110	**139,251,764**	132,423,990

Deposits pledged to a licensed bank which is not freely available for the Group's use is as disclosed in Note 15.

The cash and bank balances of the Group bear effective interest at a rate of 0.50% (2015: 0.60%) per annum.

The foreign currency exposure profile is as follows:-

	← Functional Currencies of Group →		
	Ringgit Malaysia RM	**Hong Kong Dollar RM**	**Total RM**
2016			
United States Dollar	**468,188**	**-**	**468,188**
Chinese Renminbi	**26,968**	**-**	**26,968**
	495,156	**-**	**495,156**

29. CASH AND CASH EQUIVALENTS (CONT'D)

The foreign currency exposure profile is as follows:- (cont'd)

	← Functional Currencies of Group →		
	Ringgit Malaysia RM	Hong Kong Dollar RM	Total RM
2015			
United States Dollar	679,027	105,064	784,091
Chinese Renminbi	29,738	-	29,738
	708,765	105,064	813,829

	Company	
	2016 RM	2015 RM
United States Dollar	**9,162**	8,673
Chinese Renminbi	**26,968**	29,738
	36,130	38,411

30. STAFF COSTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages, salaries and others	**13,489,505**	13,468,500	**46,622**	43,057
Defined contribution plan	**1,376,419**	1,318,302	**5,617**	5,353
	14,865,924	14,786,802	**52,239**	48,410

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year are as below:-

	Group	
	2016 RM	2015 RM
Executive Directors		
Salaries and other emoluments	**906,880**	866,190
Defined contribution plan	**46,932**	44,604
Estimated money value of benefits-in-kind	**34,500**	20,000
	988,312	930,794

31. COMMITMENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Non-cancellable operating lease commitments - as lessee				
Within one year	**1,419,200**	1,194,000	**290,300**	107,000
Later than one year but not later than two years	**1,345,100**	720,000	**290,300**	-
Later than two years but not later than five years	**248,600**	713,000	**111,400**	-
	3,012,900	2,627,000	**692,000**	107,000

Operating lease payment represent rental payable by the Group and by the Company for the use of its business operations. The tenure of the lease is within three years and the monthly rental consideration for the lease of the premises has been pre-determined over the same period.

32. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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. The key management personnel include all the Directors of the Company.

Related party transactions have been entered into in the normal course of business under negotiated terms.

The Group has related party relationships with its substantial shareholders, subsidiaries, associates and key management personnel.

In addition to the related party information disclosed elsewhere in the financial statements, the Company had the following related party transactions during the financial year.

	Company	
	2016	**2015**
	RM	**RM**
Non-Trade		
Secretarial fees paid to a subsidiary	**24,000**	24,000

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management are as follows:-

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Directors' fees	**214,200**	214,200	**214,200**	214,200
Short-term employees benefits	**1,947,048**	1,862,336	**-**	-
Post-employment benefits	**171,540**	164,040	**-**	-
Estimated monetary value of benefits-in-kind	**48,600**	40,700	**-**	-
	2,381,388	2,281,276	**214,200**	214,200

33. SEGMENT INFORMATION - GROUP

For management purposes, the Group's business is presented in respect of the Group's business and geographical segments.

Segment revenue, expenses, assets and liabilities are those amounts from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established under negotiated terms.

Business Segments

The Group comprises the following three reportable operating segments:

(i) Bedding - manufacturing and marketing of mattresses, bedding related products and furniture.

(ii) Steel manufacturing - manufacturing and sale of stainless steel butt-weld fittings.

(iii) Other operations - investment holding, provision of management and secretarial services and production and marketing of electric power and steam.

Geographical Segments

The Group operates in two principal geographical areas of the world:

(i) Malaysia - manufacturing and marketing of mattresses, bedding related products, furniture, stainless steel butt-weld fittings, investment holding and provision of management and secretarial services.

(ii) The People's Republic of China - manufacturing of mattresses, bedding related products, furniture and production and marketing of electric power and steam.

33. SEGMENT INFORMATION - GROUP (CONT'D)

Geographical Segments (cont'd)

Except as indicate above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Business Segments

	Continuing Operations				
	Bedding RM	Steel Manufacturing RM	Other Operations RM	Eliminations RM	Consolidated RM
2016					
Revenue					
External revenue	38,230,087	13,629,271	-	-	51,859,358
Inter-segment revenue	-	-	43,000	(43,000)	-
Total revenue	38,230,087	13,629,271	43,000	(43,000)	51,859,358
Result					
Interest income	49,223	15,060	5,729,233	-	5,793,516
Depreciation of property, plant and equipment	328,724	369,745	1,589	-	700,058
Share of results of associates	414,806	-	3,332,060	-	3,746,866
Other non-cash (income)/ expenses	(65,981)	30,805	(521,570)	-	(556,746)
Segment profit/(loss) before tax	3,027,864	(3,077,138)	8,586,039	-	8,536,765
Income tax expense	672,407	-	1,509,689	-	2,182,096
Assets					
Investment in associates	2,800,131	-	21,760,352	-	24,560,483
Addition to non-current assets	473,488	1,700	-	-	475,188
Segment assets	31,081,797	14,419,102	189,679,635	-	235,180,534
Segment liabilities	8,605,960	509,934	2,358,416	-	11,474,310

33. SEGMENT INFORMATION - GROUP (CONT'D)

Business Segments (cont'd)

	Continuing Operations					Discontinued Operation	
	Bedding RM	Steel Manufacturing RM	Other Operations RM	Eliminations RM	Consolidated RM	Other Operations RM	Total Consolidated RM
2015							
Revenue							
External revenue	36,156,893	19,929,683	-	-	56,086,576	-	56,086,576
Inter-segment revenue	-	-	43,000	(43,000)	-	-	-
Total revenue	36,156,893	19,929,683	43,000	(43,000)	56,086,576	-	56,086,576
Result							
Interest income	52,109	8,230	5,213,529	-	5,273,868	5,413	5,279,281
Depreciation of property, plant and equipment	296,000	316,236	1,590	-	613,826	-	613,826
Share of results of associates	235,286	-	4,561,073	-	4,796,359	-	4,796,359
Other non-cash expenses/ (income)	83,767	(74,768)	(107,905)	-	(98,906)	17,679	(81,227)
Segment profit/(loss) before tax	1,868,024	(2,096,415)	8,663,982	-	8,435,591	(161,869)	8,273,722
Income tax expense	647,562	-	825,718	-	1,473,280	68,091	1,541,371
Assets							
Investment in associates	2,122,326	-	22,375,150	-	24,497,476	-	24,497,476
Addition to non-current assets	296,030	388,350	-	-	684,380	-	684,380
Segment assets	27,426,942	17,731,260	188,687,256	-	233,845,458	1,602,375	235,447,833
Segment liabilities	7,555,247	706,239	2,743,252	-	11,004,738	-	11,004,738

33. SEGMENT INFORMATION – GROUP (CONT'D)

Business Segments (cont'd)

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other material non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:-

	2016 RM	2015 RM
Continuing operations		
Amount owing by an associate written off	**-**	37,005
Gain on deregistration of a subsidiary	**(517,052)**	-
Gain on disposal of property, plant and equipment	**(3,998)**	(39,997)
Gain on disposal of unquoted investments	**(11)**	(28,426)
Impairment loss on trade receivables	**774,018**	69,409
Inventories written down	**76,883**	105,637
Property, plant and equipment written off	**12**	71
Reversal of impairment loss on amount owing by an associate	**-**	(37,005)
Reversal of impairment loss on trade receivables	**(742,494)**	(37,040)
Reversal of write down of inventories	**(170,390)**	(48,312)
Unrealised loss/(gain) on foreign exchange	**26,286**	(120,248)
	(556,746)	(98,906)
Discontinued operation		
Bad debts written off	**-**	74,564
Reversal of impairment loss on trade receivables	**-**	(56,885)
	-	17,679

(c) Additions to non-current assets consist of:-

	2016 RM	2015 RM
Property, plant and equipment	**475,188**	684,380

33. SEGMENT INFORMATION – GROUP (CONT'D)

Geographical Information

Revenue information based on geographical location of its customers:-

	2016 RM	2015 RM
Malaysia	**35,448,933**	36,532,208
Africa	**31,466**	190,684
Asia (excluding Malaysia)	**6,660,931**	4,538,310
Australia	**408,389**	405,731
Europe	**4,812,449**	5,535,620
North America	**3,798,323**	7,328,106
South America	**698,867**	1,555,917
	51,859,358	56,086,576

Non-current assets information based on geographical location:-

	2016 RM	2015 RM
Malaysia	**5,631,664**	5,856,551
Asia (excluding Malaysia)	**24,560,483**	24,497,476
	30,192,147	30,354,027

Non-current assets for this purpose consist of property, plant and equipment and investment in associates.

Major customer

Revenue from one major customer amount to RM7,755,233 (2015: RM6,217,199), arising from sales in the bedding segment.

34. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

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:

Group	Loans and Receivables RM	Available-for-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
2016				
Financial Assets				
Available-for-sale investments	**-**	**18,654,969**	**-**	**18,654,969**
Trade receivables	**13,163,296**	**-**	**-**	**13,163,296**
Other receivables	**3,220,800**	**-**	**-**	**3,220,800**
Amount owing by associates	**117,524**	**-**	**-**	**117,524**
Deposits with licensed banks	**150,859,694**	**-**	**-**	**150,859,694**
Cash and bank balances	**5,524,608**	**-**	**-**	**5,524,608**
	172,885,922	**18,654,969**	**-**	**191,540,891**
Financial Liabilities				
Trade payables	**-**	**-**	**4,703,734**	**4,703,734**
Other payables	**-**	**-**	**6,482,989**	**6,482,989**
	-	**-**	**11,186,723**	**11,186,723**
2015				
Financial Assets				
Available-for-sale investments	-	20,350,875	-	20,350,875
Trade receivables	11,473,679	-	-	11,473,679
Other receivables	4,057,697	-	-	4,057,697
Amount owing by associates	2,179,927	-	-	2,179,927
Deposits with licensed banks	144,164,724	-	-	144,164,724
Cash and bank balances	6,436,386	-	-	6,436,386
	168,312,413	20,350,875	-	188,663,288
Financial Liabilities				
Trade payables	-	-	3,289,591	3,289,591
Other payables	-	-	7,073,941	7,073,941
	-	-	10,363,532	10,363,532

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial instruments by category (cont'd)

Company	Loans and Receivables RM	Available-for-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
2016				
Financial Assets				
Available-for-sale investments	**-**	**18,654,969**	**-**	**18,654,969**
Other receivables	**699,106**	**-**	**-**	**699,106**
Amount owing by subsidiaries	**15,031,767**	**-**	**-**	**15,031,767**
Deposits with licensed banks	**139,169,385**	**-**	**-**	**139,169,385**
Cash and bank balances	**82,379**	**-**	**-**	**82,379**
	154,982,637	**18,654,969**	**-**	**173,637,606**
Financial Liabilities				
Other payables	**-**	**-**	**548,006**	**548,006**
Amount owing to subsidiaries	**-**	**-**	**3,814,973**	**3,814,973**
	-	**-**	**4,362,979**	**4,362,979**
2015				
Financial Assets				
Available-for-sale investments	-	20,350,875	-	20,350,875
Other receivables	417,203	-	-	417,203
Amount owing by subsidiaries	16,213,687	-	-	16,213,687
Deposits with licensed banks	131,480,059	-	-	131,480,059
Cash and bank balances	943,931	-	-	943,931
	149,054,880	20,350,875	-	169,405,755
Financial Liabilities				
Other payables	-	-	557,407	557,407
Amount owing to subsidiaries	-	-	2,378,476	2,378,476
	-	-	2,935,883	2,935,883

(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, interest rate and market price 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 Group's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

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 monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Group's maximum exposure in this respect is RM1,570,000 (2015: RM1,570,000), representing the banking facilities granted to the subsidiaries as at the end of the reporting period. There was no indication that any subsidiaries would default on repayment as at the end of the reporting period.

The Group determines concentrations of credit risk by monitoring its trade receivables profile on an ongoing basis based on the geographic location and the business segment. The credit risk concentration profile of the Group's trade receivables at the end of the financial year are as follows:-

	Group			
	2016		2015	
	RM	% of total	RM	% of total
By country:				
Malaysia	**10,936,161**	**83%**	9,797,612	85%
Asia (excluding Malaysia)	**1,370,654**	**10%**	499,866	4%
North America	**315,227**	**2%**	-	0%
South America	**-**	**0%**	460,353	4%
Europe	**459,826**	**4%**	666,400	6%
Australia	**81,428**	**1%**	49,448	1%
	13,163,296	**100%**	11,473,679	100%
By industry sectors:				
Bedding	**11,882,008**	**90%**	9,429,288	82%
Steel manufacturing	**1,281,288**	**10%**	2,044,391	18%
	13,163,296	**100%**	11,473,679	100%

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk (cont'd)

Information regarding trade receivables that are neither past due nor impaired and trade receivables that are either past due or impaired are disclosed in Note 10.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting their 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 Group's and the Company's financial liabilities at the reporting date are either repayable on demand or mature within one year.

(iii) Market risk

(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"), Singapore Dollar ("SGD"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

<u>Foreign currency risk sensitivity analysis</u>

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

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis (cont'd)

		Group	
		2016	**2015**
		RM	**RM**
		Increase/ (Decrease) in profit before tax	**Increase/ (Decrease) in profit before tax**
USD/RM	- strengthened 5% (2015: 5%)	**107,217**	166,624
	- weakened 5% (2015: 5%)	**(107,217)**	(166,624)
SGD/RM	- strengthened 5% (2015: 5%)	**12,738**	10,398
	- weakened 5% (2015: 5%)	**(12,738)**	(10,398)
RMB/RM	- strengthened 2% (2015: 2%)	**676**	27,055
	- weakened 2% (2015: 2%)	**(676)**	(27,055)
USD/HKD	- strengthened 5% (2015: 5%)	**-**	5,161
	- weakened 5% (2015: 5%)	**-**	(5,161)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent short term deposits.

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Fixed rate instrument				
Financial Asset				
- Deposits with licensed banks	**150,859,694**	144,164,724	**139,169,385**	131,480,059

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risk (cont'd)

(b) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

An increase/decrease of market interest rates by 1% on deposits with licensed banks of the Group and of the Company which have variable interest rates at the end of the reporting period would increase/decrease the profit before tax by RM1,508,597 (2015: RM1,441,647) and RM1,391,694 (2015: RM1,314,801) respectively. The analysis assumes that all other variables remain unchanged.

(c) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity security price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia and are classified as available-for-sale financial assets. To manage its price risk arising from investment in equity securities, the Group diversifies its portfolio.

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 5% higher/lower, with all other variables held constant, the Group's net assets would have been RM932,748 (2015: RM1,017,544) higher/lower, arising as a result of higher/lower fair value gain/loss on held for trading investments in equity instruments.

(c) Fair value of financial instruments

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

It was not practicable 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.

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value 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 shown in the statements of financial position.

Group/Company	Financial Asset/Liability Carried At Fair Value Level 1 RM	Level 3 RM	Total RM	Carrying Amount RM
2016				
Financial asset				
Available-for-sale financial assets (Note 7)				
- Quoted shares	**18,654,969**	**-**	**18,654,969**	**18,654,969**
Financial liability				
Contingent liabilities	**-**	**@**	**-**	**1,641,000**
2015				
Financial asset				
Available-for-sale financial assets (Note 7)				
- Quoted shares	20,350,875	-	20,350,875	20,350,875
Financial liability				
Contingent liabilities	-	@	-	1,641,000

There were no transfer between fair value measurement hierarchy during the current and previous financial year.

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

The fair value measurement hierarchy used to measure financial instruments at fair value in the statements of financial position is as follows:-

- Level 1

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

- Level 2

  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).

- Level 3

  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.

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 except for the requirements on reserves for a subsidiary which is incorporated in The People's Republic of China as disclosed in Note 19. However, the subsidiary has been deregistered during the year. This subsidiary has complied with such requirements as at the financial year end.

36. CONTINGENT LIABILITIES

	Group	
	2016	**2015**
	RM	**RM**
Secure:		
Corporate guarantee given to subsidiaries	**1,570,000**	1,570,000
Bank guarantee given to third parties	**71,000**	71,000

37. SUPPLEMENTARY 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 30 June 2016 and 30 June 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") 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.

The retained earnings of the Group and of the Company is analysed as follows:-

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained earnings of the Company and its subsidiaries				
- realised	**103,497,313**	99,716,020	**100,915,352**	101,623,519
- unrealised	**647,240**	881,113	**8,059**	6,253
	104,144,553	100,597,133	**100,923,411**	101,629,772
Total share of retained earnings from associates				
- realised	**2,177,154**	2,927,918	**-**	-
	106,321,707	103,525,051	**100,923,411**	101,629,772
Less: Consolidation adjustments	**(83,614)**	(65,923)	**-**	-
Total retained earnings	**106,238,093**	103,459,128	**100,923,411**	101,629,772

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

List of Properties
As at 30 June 2016

Location / Address	Description	Area M^2 (acres)	Approximate age (year)	Existing use	Tenure	Net carrying amount RM'000	Year of last revaluation
K8 Lot PLO 25 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	38	Factory Premises	Leasehold for 60 years expiring in 2038	649	1991
Lot 22 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	36	Factory Premises	Leasehold for 60 years expiring in 2040	835	1991
Lot 24 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	4,047 (1)	36	Factory Premises	Leasehold for 60 years expiring in 2040	323	1991
PLO 97 Tanjong Agas Industrial Estate 84000 Muar Johor Darul Takzim	Land & Building	6,070 (1.5)	30	Sales Office & Factory Premises	Leasehold for 60 years expiring in 2046	721	1991

Shareholding Statistics
As at 25 October 2016

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM200,000,000/- divided into 200,000,000 ordinary shares of RM1/- each
Issued & Fully Paid-Up	:	RM85,162,500/- divided into 85,162,500 ordinary shares of RM1/- each
Class of Share	:	Ordinary Shares of RM1/- each
Voting Rights	:	1 vote per share

Size of Holdings	No. of Shareholders	No. of Shares #	% #
Less than 100	153	2,695	0.00
100 – 1,000	1,343	1,233,614	1.47
1,001 – 10,000	2,240	9,880,720	11.78
10,001 – 100,000	559	17,005,089	20.27
100,001 to less than 5%	57	30,461,293	36.31
5% and above	2	25,299,389	30.16
Total	**4,354**	**83,882,800**	**100.00**

After deducting 1,279,700 treasury shares retained by the Company as per Record of Depositors.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% #
1	Cartaban Nominees (Tempatan) Sdn. Bhd. *Exempt An For LGT Bank AG (Local)*	16,925,000	20.18
2	Cartaban Nominees (Asing) Sdn. Bhd. *Exempt An For LGT Bank AG (Foreign)*	8,374,389	9.98
3	Quantum Symbol Sdn. Bhd.	4,187,900	4.99
4	Affin Hwang Nominees (Asing) Sdn. Bhd. *Selvione Limited*	4,152,000	4.95
5	Jin Fu	2,993,900	3.57
6	Yeoh Phek Leng	1,355,900	1.62
7	Teo Kwee Hock	1,267,800	1.51
8	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Khoo Bee Lian*	1,046,800	1.25
9	Wong Soo Chai @ Wong Chick Wai	948,800	1.13
10	JF Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Teo Siew Lai*	888,900	1.06

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	% #
11	Goh Leong Chuan	768,000	0.92
12	Maybank Nominees (Tempatan) Sdn. Bhd. *Lee Chee Kong*	607,700	0.72
13	Lock Kai Sang	597,900	0.71
14	Lee Yu Yong @ Lee Yuen Ying	557,000	0.66
15	Sanjeev Chadha	533,100	0.64
16	Puan Sri Lee Chou Sarn	505,493	0.60
17	Goh Choon Kim	500,000	0.60
18	Wong Se-Yuen	471,900	0.56
19	Maybank Nominees (Tempatan) Sdn. Bhd. *Ting Poi Ling*	453,100	0.54
20	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Chee Sai Mun*	405,500	0.48
21	Maybank Nominees (Tempatan) Sdn. Bhd. *Lee Yu Yong @ Lee Yuen Ying*	402,000	0.48
22	Lim Pei Tiam @ Liam Ahat Kiat	400,700	0.48
23	Ding Nyok Choo	400,000	0.48
24	Ting Poi Ling	400,000	0.48
25	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB For Leow Ming Fong @ Leow Min Fong*	400,000	0.48
26	Ooi Ai Eng	344,000	0.41
27	Sak Moy @ Sak Swee Len	324,000	0.39
28	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Tan Kian Aik*	305,000	0.36
29	Chu Yee San	300,000	0.36
30	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB Bank For Liu Wen Jong*	293,100	0.35
	Total	**51,109,882**	**60.93**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct No. of Ordinary Shares held	% #	Indirect No. of Ordinary Shares held	% #
Tan Sri Dr. Chen Lip Keong	16,925,000*a	20.18	8,374,389*b	9.98
Blue Velvet Property Corp	8,374,389	9.98	-	-

Notes:

*a 16,925,000 ordinary shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local).

*b Deemed interested by virtue of Section 6A of the Companies Act, 1965 held via Blue Velvet Property Corp.

DIRECTORS/CHIEF EXECUTIVE WHO IS NOT A DIRECTOR'S SHAREHOLDINGS

	Direct No. of Ordinary Shares held	% #	Indirect No. of Ordinary Shares held	% #
Directors				
Datuk Wan Kassim bin Ahmed	-	-	-	-
Tan Sri Dr. Chen Lip Keong*c	16,925,000*a	20.18	8,374,389*b	9.98
Puan Sri Lee Chou Sarn*c	505,493	0.60	-	-
Dato' Dr. Abdul Razak bin Abdul	-	-	-	-
Chen Yiy Fon*c	-	-	-	-
Lim Mun Kee	-	-	-	-
Acting Chief Executive Officer (not a Director)				
Teo Hock Kee	-	-	-	-

Notes:

*a The 16,925,000 ordinary shares are held by Cartaban Nominees (Tempatan) Sdn. Bhd., Exempt An For LGT Bank AG (Local).

*b Deemed interested by virtue of Section 6A of the Companies Act, 1965 held via Blue Velvet Property Corp.

*c Puan Sri Lee Chou Sarn is the spouse of Tan Sri Dr. Chen Lip Keong. Mr Chen Yiy Fon is the son of Tan Sri Dr. Chen Lip Keong and Puan Sri Lee Chou Sarn.

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Proxy Form

FACB INDUSTRIES INCORPORATED BERHAD (48850-K)
(Incorporated in Malaysia)

Number of Shares	CDS Account No.

I/We, ____

of ____

being a member of FACB INDUSTRIES INCORPORATED BERHAD hereby appoint ______________________

____

______________________________ or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held at Eagle & Birdie Room, Bukit Unggul Country Club, Lot PT 2180-2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan on Wednesday, 30 November 2016 at 10.30 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1	Approval of final dividend		
2	Approval of Directors' fees		
3	Re-election of Dato' Dr. Abdul Razak bin Abdul as Director		
4	Re-election of Puan Sri Lee Chou Sarn as Director		
5	Re-appointment of Messrs UHY as Auditors		
6	Authority pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Renewal of Authority for Share Buy-Back		
8	Retention of Datuk Wan Kassim bin Ahmed as an Independent Director		
9	Retention of Dato' Dr. Abdul Razak bin Abdul as an Independent Director		
10	Retention of Mr Lim Mun Kee as an Independent Director		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.)

Signed this ____________ day of ____________, 2016

____
Signature/Seal of Shareholder

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote in his/ her stead. A proxy need not be a member of the Company.
2. Subject to the Companies Act, 1965, where a member appoints two (2) proxies, the appointment shall be invalid unless he/ she specifies the proportions of his/ her holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/ her attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. The Proxy Form must be completed, signed and deposited at the Company's registered office not less than 48 hours before the time set for the meeting or adjourned meeting.
5. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allow a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 November 2016 shall be entitled to attend the meeting.
7. Voting for all resolutions set out in the Notice of Meeting shall be by poll.

AFFIX
STAMP

The Company Secretary

FACB Industries Incorporated Berhad (48850-K)
Etiqa Twins, Tower 1
Level 13, 11 Jalan Pinang
50450 Kuala Lumpur