Financial Statements

MESB BERHAD

DIRECTORS' REPORT

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	1,335	8,578
Non-controlling interests	(114)	-
	1,221	8,578

RESERVES AND PROVISIONS

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

DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Teoh Hwa Peng
Saffie Bin Bakar
Tan Yew Kim
Tan Sok Gim
Loke Lee Ping (Appointed on 16 October 2015)
Lee Kok Heng (Appointed on 25 November 2015)
Yam Sing Lam @ Yam Seng Lam (Resigned on 8 October 2015)
Ng Chee Leong (Resigned on 16 December 2015)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.4.2015	**Bought**	**Sold**	**At 31.3.2016**
Interest in the Company				
Direct interests				
Teoh Hwa Peng	19,071,899	-	(18,201,799)	870,100
Tan Sok Gim	2,125,000	-	-	2,125,000
Deemed interests				
Teoh Hwa Peng*	2,125,000	12,274,099	-	14,399,099
Tan Sok Gim*	19,071,899	12,274,099	(18,201,799)	13,144,199

* Deemed interest through spouse's shareholding by virtue of Section 134(12)(c) of the Companies Act, 1965 in Malaysia.

By virtue of their interests in the shares of the Company, Teoh Hwa Peng and Tan Sok Gim are also deemed interested in the shares of the subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965 in Malaysia.

None of the other Directors holding office at 31 March 2016 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events are as disclosed in Note 31 to the financial statements.

AUDITORS

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

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

Teoh Hwa Peng

Loke Lee Ping

Kuala Lumpur,

Date: 15 July 2016

MESB BERHAD

STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 *Restated*	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	3	9,705	8,642	-	125
Investment property	4	511	524	-	-
Intangible assets	5	25,690	25,168	-	-
Investments in subsidiaries	6	-	-	56,385	38,382
Investment in associate	7	-	8,929	-	660
Other investment	8	-	40	-	40
Deferred tax assets	9	391	-	-	-
Total non-current assets		36,297	43,303	56,385	39,207
Inventories	10	45,502	17,323	-	-
Current tax assets		1,929	-	-	-
Trade and other receivables	11	26,483	15,913	4	321
Prepayments		2,072	166	-	-
Cash and cash equivalents	13	17,980	30,471	1,182	9,546
Total current assets		93,966	63,873	1,186	9,867
Total assets		130,263	107,176	57,571	49,074
Equity					
Share capital	14	42,000	42,000	42,000	42,000
Reserves	15	41,955	40,620	15,012	6,434
Equity attributable to owners of the Company		83,955	82,620	57,012	48,434
Non-controlling interests		-	133	-	-
Total equity		83,955	82,753	57,012	48,434
Liabilities					
Loans and borrowings	16	4,127	763	-	103
Deferred tax liabilities	9	-	43	-	-
Total non-current liabilities		4,127	806	-	103
Loans and borrowings	16	17,317	14,785	-	107
Trade and other payables	17	24,864	8,528	559	430
Current tax liabilities		-	304	-	-
Total current liabilities		42,181	23,617	559	537
Total liabilities		46,308	24,423	559	640
Total equity and liabilities		130,263	107,176	57,571	49,074

The notes on pages 47 to 99 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 *Restated*	Company 2016 RM'000	Company 2015 RM'000
Continuing operations					
Revenue	18	107,082	86,217	2,200	-
Cost of sales		(42,251)	(30,796)	-	-
Gross profit		64,831	55,421	2,200	-
Other income		2,055	106	8,596	-
Other expense		(880)	-	(309)	-
Selling and distribution expenses		(28,631)	(24,284)	-	-
Administrative expenses		(35,527)	(29,863)	(2,025)	(1,106)
Results from operating activities		1,848	1,380	8,462	(1,106)
Finance income		436	583	143	372
Finance costs	19	(1,368)	(597)	(27)	(17)
Share of profit of equity-accounted associate, net of tax		906	1,199	-	-
Profit/(Loss) before tax	20	1,822	2,565	8,578	(751)
Tax expense	21	(416)	(939)	-	185
Profit/(Loss) from continuing operations		1,406	1,626	8,578	(566)
Discontinued operation					
Loss from discontinued operation, net of tax	22	(185)	(635)	-	-
Profit/(Loss) and Total comprehensive income/(loss) for the year		1,221	991	8,578	(566)
Profit/(Loss) attributable to:					
Owners of the Company		1,335	1,250	8,578	(566)
Non-controlling interests		(114)	(259)	-	-
Profit/(Loss) for the year		1,221	991	8,578	(566)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		1,335	1,250	8,578	(566)
Non-controlling interests		(114)	(259)	-	-
Total comprehensive income/(loss) for the year		1,221	991	8,578	(566)
Basic earnings/(loss) per ordinary share (sen):					
from continuing operations	23	3.35	3.87		
from discontinued operation	23	(0.17)	(0.89)		
		3.18	2.98		

The notes on pages 47 to 99 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Attributable To Owners Of The Company						
	Non-distributable			Distributable			
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
The Group							
At 1 April 2014	42,000	5	37	39,328	81,370	-	81,370
Profit/(Loss) and Total comprehensive income/ (loss) for the year	-	-	-	1,250	1,250	(259)	991
Subscription of shares in subsidiary by non-controlling interest	-	-	-	-	-	392	392
At 31 March 2015/1 April 2015	42,000	5	37	40,578	82,620	133	82,753
Profit/(Loss) and Total comprehensive income /(loss) for the year	-	-	-	1,335	1,335	(114)	1,221
Disposal of subsidiary	-	-	-	-	-	(19)	(19)
At 31 March 2016	42,000	5	37	41,913	83,955	-	83,955
	Note 14	Note 15	Note 15	Note 15			

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

	Attributable To Owners Of The Company				
	Non-distributable			Distributable	
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Retained earnings RM'000	Total Equity RM'000
Company					
At 1 April 2014	42,000	5	37	6,958	49,000
Loss and Total comprehensive loss for the year	-	-	-	(566)	(566)
At 31 March 2015/1 April 2015	42,000	5	37	6,392	48,434
Profit and Total comprehensive income for the year	-	-	-	8,578	8,578
At 31 March 2016	42,000	5	37	14,970	57,012
	Note 14	Note 15	Note 15	Note 15	

The notes on pages 47 to 99 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from:					
- *continuing operations*		1,822	2,565	8,578	(751)
- *discontinued operation*	22	(303)	(635)	-	-
		1,519	1,930	8,578	(751)
Adjustments for:					
Reversal of allowance for impairment losses on receivables		-	(107)	-	-
Bad debts written off		-	738	-	-
Compensation recoverable arising from acquisition of subsidiary	30	(1,542)	-	-	-
Deposit written off		5	-	-	-
Depreciation of property, plant and equipment	3	1,819	1,721	5	125
Depreciation of investment property	4	13	13	-	-
Dividends from subsidiaries		-	-	(2,200)	-
Property, plant and equipment written off	3	206	200	-	-
Gain on disposal of property, plant and equipment		(364)	(7)	(193)	-
Loss on disposal of assets held for sale		5	-	-	-
Loss on disposal of other investment		40	-	40	-
Loss/(Gain) on disposal of associate		835	-	(8,340)	-
Loss on disposal of subsidiary		-	-	269	-
Impairment loss on investment in subsidiary	6	-	-	589	-
Interest expense		1,368	597	27	17
Interest income		(436)	(583)	(143)	(368)
Inventories written down		154	147	-	-
Share of profit in equity accounted associate	7	(906)	(1,199)	-	-
Operating profit/(loss) before changes in working capital		2,716	3,450	(1,368)	(977)
Changes in inventories		(11,253)	(1,739)	-	-
Changes in trade and other receivables		(4,945)	(1,706)	15	3
Changes in trade and other payables		5,720	4,918	129	124
Cash flows (used in)/generated from operations		(7,762)	4,923	(1,224)	(850)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Income tax (paid)/refund		(1,646)	(748)	-	338
Interest paid		(1,368)	(597)	(27)	(17)
Net cash (used in)/from operating activities		(10,776)	3,578	(1,251)	(529)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(1,928)	(2,657)	-	(6)
Acquisition of subsidiary, net of cash and cash equivalents acquired	30	(15,399)	-	(19,000)	-
Dividends received from subsidiaries		-	-	2,200	-
Increase in fixed deposits pledged		(2,175)	(430)	-	-
Interest received		436	583	143	368
Investment in subsidiary		-	-	-	(408)
Proceeds from disposal of assets held for sale	12	8,690	-	-	-
Proceeds from disposal of subsidiary	22	248	-	139	-
Proceeds from disposal of associate		9,000	-	9,000	-
Proceeds from disposal of property, plant and equipment		641	14	313	-
Proceeds from issuance of shares to non-controlling interests		-	392	-	-
Repayment from/(Advances to) subsidiaries		-	-	302	(299)
Net cash used in investing activities		(487)	(2,098)	(6,903)	(345)
Cash flows from financing activities					
Net repayment of banker's acceptances		(3,960)	(1,575)	-	-
Repayment of finance lease liabilities		(412)	(300)	(210)	(107)
Net proceeds from/(repayment of) term loans		433	(617)	-	-
Net cash used in financing activities		(3,939)	(2,492)	(210)	(107)
Net decrease in cash and cash equivalents		(15,202)	(1,012)	(8,364)	(981)
Cash and cash equivalents at 1 April		20,681	21,693	9,546	10,527
Cash and cash equivalents at 31 March	(i)	5,479	20,681	1,182	9,546

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

(i) Cash and Cash Equivalents

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

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits placed with licensed banks	13	11,594	9,419	-	-
Less: Pledged deposits		(11,594)	(9,419)	-	-
		-	-	-	-
Cash and bank balances	13	6,232	13,010	1,028	1,504
Highly liquid investments with financial institutions	13	154	8,042	154	8,042
Bank overdrafts	16	(907)	(371)	-	-
		5,479	20,681	1,182	9,546

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,066,000 (2015: RM2,749,000), of which RM138,000 (2015: RM92,000) was acquired by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

Principal place of business
Lot 1903A, 1st Floor, Jalan KPB 7
Kawasan Perindustrian Kg. Baru Balakong
43300 Seri Kembangan, Selangor

Registered office
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associate.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 15 July 2016.

1. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

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

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

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

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

- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, Amendments to MFRS 12, Amendments to MFRS 11, and Amendments to MFRS 116 and MFRS 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 April 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.

- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the applicable accounting standards, amendments and interpretations are not expected to have any material financial impact to the financial statements of the Group and the Company except as mentioned below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

(i) MFRS 9, *Financial Instruments*

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

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

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of Estimates and Judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 5 – measurement of the recoverable amounts of cash generating units and Note 30 - measurement of contingent consideration.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

(ii) Business Combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Loss of Control

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(iv) Associates

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

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

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

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

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

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(v) Non-controlling Interests

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis Of Consolidation (Cont'd)

(vi) Transactions Eliminated on Consolidation

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

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

(b) Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

(c) Financial Instruments

(i) Initial Recognition and Measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(ii) Financial Instrument Categories and Subsequent Measurement

The Group and the Company categorise financial instruments as follows:

Financial Assets

(a) Loans And Receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

(b) Available-For-Sale Financial Assets

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

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

All financial assets are subject to review for impairment (see Note 2(k)(i)).

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Financial Guarantee Contracts

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(iv) Derecognition

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

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

(d) Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant And Equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

• Leasehold land	Over the lease period of 99 years
• Buildings	2%
• Motor vehicles	20%
• Office equipment, furniture and fittings	5% - 10%
• Computers	25%- 50%
• Renovation	10% - 20%

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

(e) Leased Assets

(i) Finance Lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating Lease

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Other Intangible Assets

Intangible assets, other than goodwill, that are acquired separately by the Group, which have indefinite useful lives, are measured at cost less any impairment losses.

(iii) Subsequent Expenditure

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

(iv) Amortisation

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

(g) Investment Property

(i) Investment Properties Carried at Cost

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

Investment properties are initially measured at cost and subsequently at cost less accumulated depreciation and impairment losses, if any.

The estimated useful lives of the building for the current and comparative periods are 50 years.

Depreciation method, useful life and residual values are reviewed at the end of each reporting period, and adjusted as appropriate.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment Property (Cont'd)

(ii) Reclassification to/from Investment Property

For investment properties carried at cost, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in-first-out formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

(i) Non-Current Asset Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

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

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

(j) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial Assets

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

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

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

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

(ii) Other Assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Other Assets (Cont'd)

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

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

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

(l) Equity Instruments

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

Ordinary Shares

Ordinary shares are classified as equity.

(m) Employee Benefits

(i) Short-Term Employee Benefits

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

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

(ii) State Plans

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Provisions

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

(o) Revenue and Other Income

(i) Goods Sold

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

(ii) Rental Income

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

(iii) Dividend Income

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

(iv) Interest Income

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

(p) Borrowing Costs

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing Costs (Cont'd)

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

(q) Income Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the 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 financial years.

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

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

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

(r) Discontinued Operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings Per Ordinary Share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Operating Segments

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

(u) Contingencies

(i) Contingent Liabilities

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

(ii) Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Fair Value Measurements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

3. **PROPERTY, PLANT AND EQUIPMENT**

	Note	Leasehold land and buildings RM'000 *Restated*	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Total RM'000 *Restated*
Group							
Cost							
At 1 April 2014		3,074	1,868	2,123	2,436	6,141	15,642
Additions		-	92	125	190	2,342	2,749
Disposals		-	(78)	-	-	-	(78)
Written off		-	-	-	-	(409)	(409)
Provision for restoration costs		-	-	-	-	60	60
At 31 March 2015/1 April 2015		3,074	1,882	2,248	2,626	8,134	17,964
Additions		-	178	627	26	1,235	2,066
Disposals		-	(1,695)	-	-	-	(1,695)
Written off		-	-	-	-	(465)	(465)
Acquisition through business combination	30	-	-	1,835	3	20	1,858
Disposal of a subsidiary	22	-	-	(2)	(69)	(587)	(658)
At 31 March 2016		3,074	365	4,708	2,586	8,337	19,070
Accumulated depreciation							
At 1 April 2014		523	1,189	676	2,354	3,139	7,881
Depreciation for the year		50	333	139	127	1,072	1,721
Disposals		-	(71)	-	-	-	(71)
Written off		-	-	-	-	(209)	(209)
At 31 March 2015/1 April 2015		573	1,451	815	2,481	4,002	9,322
Depreciation for the year		50	82	451	86	1,150	1,819
Disposals		-	(1,418)	-	-	-	(1,418)
Written off		-	-	-	-	(259)	(259)
Disposal of a subsidiary	22	-	-	-	(21)	(78)	(99)
At 31 March 2016		623	115	1,266	2,546	4,815	9,365
Carrying amounts							
At 1 April 2014		2,551	679	1,447	82	3,002	7,761
At 31 March 2015/1 April 2015		2,501	431	1,433	145	4,132	8,642
At 31 March 2016		2,451	250	3,442	40	3,522	9,705

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

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

	Computer RM'000	Motor vehicles RM'000	Total RM'000
Company			
Cost			
At 1 April 2014	9	609	618
Additions	6	-	6
At 31 March 2015/1 April 2015	15	609	624
Disposals	-	(601)	(601)
At 31 March 2016	15	8	23
Accumulated depreciation			
At 1 April 2014	9	365	374
Depreciation for the year	3	122	125
At 31 March 2015/1 April 2015	12	487	499
Disposals	-	(481)	(481)
Depreciation for the year	3	2	5
At 31 March 2016	15	8	23
Carrying amounts			
At 1 April 2014	-	244	244
At 31 March 2015/1 April 2015	3	122	125
At 31 March 2016	-	-	-

3.1 Motor vehicles under hire purchase arrangements

The carrying amounts of motor vehicles of the Group and the Company held under hire purchase arrangements as at the end of the reporting period were RM212,000 (2015: RM385,000) and RM Nil (2015: RM120,000), respectively.

3.2 Security

The leasehold land and buildings of the Group with an aggregate carrying amount of RM2,451,000 (2015: RM2,501,000), are pledged as security for bank facilities granted to the Group (see Note 16).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

4. INVESTMENT PROPERTY

	Leasehold building RM'000
Cost	
At 1 April 2014/31 March 2015/1 April 2015 *restated*/ 31 March 2016	666
Accumulated depreciation	
At 1 April 2014, *restated*	129
Depreciation for the year	13
At 31 March 2015/1 April 2015, *restated*	142
Depreciation for the year	13
31 March 2016	155
Carrying amounts	
At 1 April 2014, *restated*	537
At 31 March 2015/1 April 2015, *restated*	524
At 31 March 2016	511

	2016 RM'000	2015 RM'000
Fair value		
Leasehold land and building	750	750

The leasehold building comprises a shop lot that is leased to third party.

The property has been pledged to financial institution as security for banking facilities granted to subsidiary of the Group.

The Directors have opted for the cost model in determining the carrying amount of the investment property.

The direct expenses relating to the investment property which is income generating is RM2,000 (2015: RM2,000) representing quit rent and assessment incurred for the financial year.

Level 3 fair value

The fair value of the investment property at the end of the reporting period was determined by reference to the professional valuation carried out in August 2015 which estimated the market value of the investment property based on a willing buyer and a willing seller in an arm's length transaction and also based on sales price of comparable buildings in close proximity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

5. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Patent and trademark RM'000	Total RM'000
Cost				
At 1 April 2014/ 31 March 2015/ 1 April 2015		24,668	500	25,168
Additions	30	522	-	522
At 31 March 2016		25,190	500	25,690
		Note 5.1	Note 5.2	

5.1 Impairment Testing for Cash-Generating Units Containing Goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Miroza Leather (M) Sdn. Bhd. ("MLMSB")	24,668	24,668
Active Fit Sdn. Bhd. ("AFSB")	522	-
	25,190	24,668

The goodwill on consolidation arose from the acquisition of MLMSB and AFSB. Thus, the cash generating units ("CGUs") to which the goodwill belong have been identified as the respective operating entity.

The Group assessed the recoverable amounts of both CGUs using their value-in-use calculations determined by discounting future cash flow to be generated by both CGUs.

Miroza Leather (M) Sdn. Bhd. ("MLMSB")

The recoverable amount of MLMSB was based on its value-in-use, determined by discounting future cash flows to be generated by MLMSB based on the financial budgets approved by the management and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business plan. The terminal value of the cash flow is calculated by applying a perpetuity growth of 1% which does not exceed the long-term average growth rate of the industry. Management believes that this perpetuity forecast period was justified due to long-term nature of MLMSB's business.

- The anticipated annual revenue growth included in the cash flow projections is 3%-4% (2015: 7%) which is based on the current market conditions and the average growth levels experienced over the past 3 years.

- A pre-tax discount rate of 11.18% (2015: 10.97%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the industry average weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

5. INTANGIBLE ASSETS (CONT'D)

5.1 Impairment Testing for Cash-Generating Units Containing Goodwill (Cont'd)

Miroza Leather (M) Sdn. Bhd. ("MLMSB") (Cont'd)

The recoverable amount of MLMSB was based on its value in use, determined by discounting future cash flows to be generated by MLMSB based on the financial budgets approved by the management and was based on the following key assumptions: (Cont'd)

- The gross profit ("GP") margin in the cash flow projections was 62%-63% (2015: 62%), based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, no impairment loss was required to be recognised.

The above estimates are particularly sensitive in the following areas:
- Fluctuations in future budgeted revenue.
- Fluctuations in the discount rate used.

Active Fit Sdn. Bhd. ("AFSB")

The recoverable amount of AFSB was based on its value in use, determined by discounting future cash flows to be generated by AFSB based on the financial budgets approved by the management and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business plan. The terminal value of the cash flow is calculated by applying a perpetuity growth rate of 1% which does not exceed the long-term average growth rate of the industry. Management believes that this perpetuity forecast period was justified due to long-term nature of the AFSB's business.

- The anticipated annual revenue growth included in the cash flow projections is 2%-3%. Which is based on the current market conditions and management's revenue growth projections.

- A pre-tax discount rate of 11.18% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the industry average weighted average cost of capital.

- The gross profit ("GP") margin in the cash flow projections was 50%-53%, based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, no impairment loss was required to be recognised.

The above estimates are particularly sensitive in the following areas:
- Fluctuations in future budgeted revenue.
- Fluctuations in the discount rate used.

5.2 Patent and Trademark

These represent intellectual rights, trademark and patent pertaining to a brand. This brand is also the cash generating units ("CGUs") relating to the intellectual asset.

The patent and trademark recognised by the Group has indefinite useful life and is not amortised. The indefinite useful life assessment was based on the assumption that continuous brand promotion and merchandising activities, and introduction of new designs from time to time are expected to maintain the value of the brand for an indefinite period of time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

5. INTANGIBLE ASSETS (CONT'D)

5.2 Patents and Trademarks (Cont'd)

At the end of each reporting period, the useful life of this asset is reviewed by the management to determine whether events and circumstances continue to support indefinite useful life assessment of this asset. Such asset is tested for impairment in accordance with the Group policy as stated in Note 2(k)(ii) to the financial statements.

The recoverable amount of the CGU was determined based on the value-in-use ("VIU") calculation. The VIU was calculated using the pre-tax cash flow projections based on financial budgets approved by the management and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business plan. The terminal value of the cash flow is calculated by applying a perpetuity growth rate of 1% which does not exceed the long-term average growth rate of the industry. Management believes that this perpetuity forecast period was justified due to long-term nature of the brand's business.
- The anticipated annual revenue growth included in the cash flow projections is 4%-7% (2015: 7%) which is based on the current market conditions and the average growth level experienced over the past 3 years.
- A pre-tax discount rate of 11.18% (2015: 10.97%) was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the industry average weighted average cost of capital.
- The gross profit ("GP") margin in the cash flow projections was 65%-66% (2015: 66%), based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, no impairment loss was required to be recognised.

These estimates are sensitive towards fluctuations in the discount rate used.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	**2015**
	RM'000	**RM'000**
Unquoted shares, at cost	57,249	38,657
Less: Impairment loss	(864)	(275)
	56,385	38,382

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of entity	Principle place of business/ Country of incorporation	Principal activities	Effective ownership interest	
			2016	2015
			%	%
Miroza Leather (M) Sdn. Bhd.	Malaysia	Trading in and retailing of leather products and apparels	100	100
MESB Capital & Development Sdn.Bhd.	Malaysia	Investment holding	100	100
Crystal United Sdn. Bhd.	Malaysia	Dormant	100	100
Active Fit Sdn Bhd^	Malaysia	Trading in and retailing of casual apparels and accessories	100	-
PC Global Trends Sdn. Bhd.*	Malaysia	Trading in and retailing of ladies' shoes and leather products	-	51

^ Subsidiary acquired during the financial year.
* Subsidiary disposed of during the financial year.

7. INVESTMENT IN ASSOCIATE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	-	660	-	660
Share of post acquisition reserves	-	8,269	-	-
	-	8,929	-	660

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

7. INVESTMENT IN ASSOCIATE (CONT'D)

Details of the associate is as follows:

Name of entity	Principle place of business/ Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
PDC Telecommunication Services Sdn. Bhd.	Malaysia	Development and rental of the telecommunication base transceiver stations in the State of Penang	-	40

On 31 October 2015, the Company disposed of its entire interest in the associate for a total cash consideration of RM9,000,000.

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

Group Summarised financial information	2016 RM'000	2015 RM'000
As at 31 March		
Non-current assets	-	4,764
Current assets	-	21,846
Non-current liabilities	-	(1,021)
Current liabilities	-	(3,012)
Net assets	-	22,577
Period/Year ended 31 October 2015/31 March 2015		
Profit for the period/year	2,264	2,996
Other comprehensive income	-	-
Total comprehensive income	2,264	2,996
As at 31 March		
Included in the total comprehensive income is:		
Revenue	5,281	8,616
Reconciliation of net assets to carrying amount as at 31 March		
Group's share of net assets	-	8,929
Carrying amount of the Group's interests in this associate	-	8,929
Group's share of results for the year ended 31 March		
Group's share of profit	906	1,199
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	906	1,199

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

8. OTHER INVESTMENT

The other investment designated as available-for-sale financial asset represents club membership carried at fair value. The club membership had been sold to a Director of the Company during the financial year.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Property, plant and equipment	-	-	(198)	(135)	(198)	(135)
Other deductible temporary differences	589	92	-	-	589	92
Tax assets/ (liabilities)	589	92	(198)	(135)	391	(43)
Set off of tax	(198)	(135)	198	135	-	-
Net tax assets/(liabilities)	391	(43)	-	-	391	(43)

Movement in temporary differences during the year

Group	**At 1.4.2014 RM'000**	**Recognised in profit or loss (Note 21) RM'000**	**At 31.3.2015/ 1.4.2015 RM'000**	**Recognised in profit or loss (Note 21) RM'000**	**Arising from business combination (Note 30) RM'000**	**At 31.3.2016 RM'000**
Property, plant and equipment	(168)	33	(135)	132	(195)	(198)
Other deductible temporary differences	125	(33)	92	29	468	589
	(43)	-	(43)	161	273	391

Unrecognised deferred tax assets

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

	Group	
	2016 RM'000	**2015 RM'000**
Tax loss carry-forwards	-	400
Other deductible temporary differences	-	24
	-	424

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

10. INVENTORIES

	Group	
	2016 RM'000	**2015 RM'000**
Trading merchandise	45,502	17,323
Recognised in profit or loss		
- inventories recognised as cost of sales	39,160	24,928
- inventories written down	154	147

The inventories written down is included in cost of sales.

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Trade					
Trade receivables	11.1	22,717	14,956	-	-
		22,717	14,956	-	-
Non-trade					
Amount due from subsidiaries	11.2	-	-	-	317
Other receivables		2,809	3	-	-
Deposits		957	954	4	4
		3,766	957	4	321
		26,483	15,913	4	321

11.1 Included in trade receivables as at 31 March 2015 was RM115,000 due from companies in which certain Directors have significant financial interest and was subject to negotiated trade terms.

11.2 The non-trade amount due from subsidiaries was unsecured, interest free and repayable on demand.

12. ASSETS CLASSIFIED AS HELD FOR SALE

Carrying amounts	**Note**	**RM'000**
At 1 April 2014/31 March 2015/1 April 2015		-
Addition through business combination	30	8,695
Disposal		(8,695)
At 31 March 2016		-

Prior to the acquisition by the Company, Active Fit Sdn. Bhd. ("AFSB") had entered into a Sale and Purchase Agreement in June 2015 with a company in which certain former Directors of AFSB have significant financial interests to dispose its investment properties with carrying amount of RM8,695,000 for a total cash consideration of RM8,690,000. The disposal was completed on 23 March 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

13. CASH AND CASH EQUIVALENTS

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Highly liquid investment with financial institutions	13.1	154	8,042	154	8,042
Fixed deposits placed with licensed banks	13.2	11,594	9,419	-	-
Cash and bank balances		6,232	13,010	1,028	1,504
		17,980	30,471	1,182	9,546

13.1 Highly Liquid Investment With Financial Institutions

Highly liquid investments with financial institutions represent investments in money market, which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

13.2 Fixed Deposits Placed With Licensed Banks

The fixed deposits placed with licensed banks are pledged as security for banking facilities granted to the Group (see Note 16).

14. SHARE CAPITAL

	Note	Group and Company Amount 2016 RM'000	Group and Company Number of shares 2016 RM'000	Group and Company Amount 2015 RM'000	Group and Company Number of shares 2015 RM'000
Authorised:					
Ordinary shares of RM1 each		100,000	100,000	100,000	100,000
Issued and fully paid:					
Ordinary shares of RM1 each		42,000	42,000	42,000	42,000

Ordinary shares

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

15. RESERVES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share premium	5	5	5	5
Capital reserve	37	37	37	37
Retained earnings	41,913	40,578	14,970	6,392
	41,955	40,620	15,012	6,434

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Capital reserve

The capital reserve is in relation to the equity-settled share options previously granted to the employees of the Company. This reserve represents the cumulative value of services received from employees recorded on the grant date of the share options. The share options were implemented on 14 December 2004 and expired on 13 December 2009.

16. LOANS AND BORROWINGS

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Term loans – secured	16.1	3,943	508	-	-
Finance lease liabilities	16.2	184	255	-	103
		4,127	763	-	103
Current					
Term loans – secured	16.1	4,478	372	-	-
Finance lease liabilities	16.2	47	184	-	107
Bank overdrafts - unsecured	16.3	907	371	-	-
Bankers' acceptances - secured	16.4	11,885	13,858	-	-
		17,317	14,785	-	107
		21,444	15,548	-	210

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

16. LOANS AND BORROWINGS (CONT'D)

16.1 Term Loans

Details of the term loans at the end of the reporting period are as follows:-

Group Term loan	Number of monthly instalments	Monthly instalments RM	Effective dates of commencement of repayment	Amount outstanding 2016 RM'000	Amount outstanding 2015 RM'000
1	60	24,592	January 2012	217	493
2	60	10,102	November 2013	288	387
3*	60	60,615	March 2015	2,502	-
4	36	13,340	September 2015	357	-
5	36	94,495	October 2015	2,567	-
6	12	434,595	October 2015	2,490	-
				8,421	880

* The term loan is assumed arising from the acquisition of new subsidiary during the financial year.

The term loans of the Group at the end of the reporting period are secured by:-

(i) a first legal charge over the leasehold land and buildings and investment property of the Group; and
(ii) a pledge over the fixed deposits placed with licensed banks of a subsidiary.

16.2 Finance Lease Liabilities

Finance lease liabilities are payable as follows:

Group

	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000
Less than one year	60	(13)	47	215	(31)	184
Between one and five years	217	(33)	184	298	(43)	255
	277	(46)	231	513	(74)	439

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

16. LOANS AND BORROWINGS (CONT'D)

16.2 Finance Lease Liabilities (Cont'd)

Company

	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000
Less than one year	-	-	-	124	(17)	107
Between one and five years	-	-	-	120	(17)	103
	-	-	-	244	(34)	210

16.3 Bank Overdrafts

The bank overdrafts of the subsidiaries are guaranteed by corporate guarantee of the Company.

16.4 Bankers' Acceptances

The bankers' acceptances of the Group at the end of the reporting period are secured by a pledge over the fixed deposits placed with licensed banks of a subsidiary.

17. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade					
Trade payables	17.1	17,383	5,242	-	-
Non-trade					
Other payables		3,554	1,494	487	390
Accrued expenses		3,927	1,732	72	40
Provision for restoration cost		-	60	-	-
		7,481	3,286	559	430
		24,864	8,528	559	430

17.1 Included in the trade payables is amount due to companies in which certain Directors of the Company have significant financial interests amounting to RM4,435,000 (2015: RM4,005,000). The amount is subject to negotiated trade terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

18. REVENUE

	Continuing operations		Discontinued operations (Note 22)		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Group		*Restated**		*Restated**		
Sale of goods	107,082	86,217	402	468	107,484	86,685
Company						
Dividends	2,200	-	-	-	2,200	-

* not applicable for the Company

19. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	527	82	-	-
- finance lease liabilities	41	44	27	17
- bank overdrafts	68	61	-	-
- bankers' acceptances	732	410	-	-
	1,368	597	27	17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

20. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	128	-	30	-
Other auditors	-	97	-	37
- Non-audit fees				
KPMG in Malaysia	10	-	10	-
Other auditors	109	5	-	5
Bad debts written off	-	738	-	-
Compensation recoverable arising from acquisition of subsidiary	(1,542)	-	-	-
Deposit written off	5	-	-	-
Depreciation of property, plant and equipment	1,819	1,721	5	125
Depreciation of investment property	13	13	-	-
Dividends from subsidiaries	-	-	(2,200)	-
Gain on disposal of property, plant and equipment	(364)	(7)	(193)	-
Loss on disposal of subsidiary	-	-	269	-
Loss/(Gain) on disposal of associate	835	-	(8,340)	-
Loss on disposal of other investment	40	-	40	-
Loss on disposal of assets held for sale	5	-	-	-
Impairment loss on investment in subsidiary	-	-	589	-
Inventories written down	154	147	-	-
Interest expense	1,368	597	27	17
Interest income:				
- fixed deposits placed with licensed banks	(436)	(583)	(136)	(364)
- others	-	-	(7)	(4)
Property, plant and equipment written off	206	200	-	-
Personnel expenses (including key management personnel):				
- Salaries, wages, allowances and bonuses	18,268	15,687	274	295
- Defined contribution plans	1,850	1,454	22	25
- Other benefits	10	379	-	-
Reversal of allowance for impairment losses on receivables	-	(107)	-	-
Realised loss on foreign exchange	-	98	-	-
Rental of premises	1,504	1,333	-	-
Rental income	(86)	(99)	-	-
Share of profit in equity accounted associate	(906)	(1,199)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

21. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Recognised in profit or loss				
Income tax expense on continuing operations	416	939	-	(185)
Income tax expense on discontinued operation	-	-	-	-
Total income tax expense	416	939	-	(185)
Current tax expense				
- Current year	953	1,072	-	-
- Over provision in prior year	(376)	(133)	-	(185)
Total current tax recognised in profit or loss	577	939	-	(185)
Deferred tax expenses				
- Origination and reversal of temporary differences	(194)	-	-	-
- Under provision in prior year	33	-	-	-
Total deferred tax recognised in profit or loss	(161)	-	-	-
Total income tax expense	416	939	-	(185)
Reconciliation of tax expense				
Profit before tax from continuing operations	1,822	2,565	8,578	(751)
Profit before tax from discontinued operation	(303)	(635)	-	-
Profit before tax	1,519	1,930	8,578	(751)
Income tax calculated using Malaysian tax of 24% (2015: 25%)	364	482	2,059	(188)
Effect of change in tax rate*	(2)	-	-	-
Non-taxable income	(28)	(95)	(2,465)	(91)
Share of profit in equity accounted associate	(217)	(300)	-	-
Non-deductible expenses	642	879	406	279
Over provision in prior year	(343)	(133)	-	(185)
Deferred tax asset not recognised during the financial year	-	106	-	-
	416	939	-	(185)

* In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% from the year of assessment 2016 ("YA 2016") onwards. Consequently, any temporary differences expected to be reversed in YA 2016 onwards are measured using this rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

22. DISCONTINUED OPERATION/DISPOSAL OF SUBSIDIARY

On 1 July 2015, the Company disposed of its entire 51% equity interest in PC Global Trends Sdn. Bhd. for a total cash consideration of RM138,700. The subsidiary was not a discontinued operation or classified as held for sale as at 31 March 2015 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this subsidiary in early financial year 2016 due to the strategic decision to place greater focus on the Group's core profitable operations.

Loss attributable to the discontinued operation was as follows:

Results of discontinued operation		**Group**	
	Note	**1.4.2015 to date of disposal RM'000**	**2015 RM'000**
Revenue	18	402	468
Expenses		(705)	(1,103)
Results from operating activities		(303)	(635)
Tax expense		-	-
Results from operating activities, net of tax		(303)	(635)
Gain on sale of discontinued operation		118	-
Tax on gain on sale of discontinued operation		-	-
Loss for the year		(185)	(635)
Included in results from operating activities are:			
Depreciation of property, plant and equipment		35	64

The losses from discontinued operation of RM185,000 (2015: RM635,000) is attributable 51% to the owners of the Company.

Cash flows from discontinued operation/disposal of subsidiary	**Group**	
	2016 RM'000	**2015 RM'000**
Net cash from operating activities	248	(493)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

22. DISCONTINUED OPERATION/DISPOSAL OF SUBSIDIARY (CONT'D)

Effect of disposal on the financial position of the Group

	Note	2016 RM'000
Property, plant and equipment	3	559
Inventories		811
Cash and cash equivalents		(109)
Trade and other receivables		369
Trade and other payables		(1,590)
		40
Less: Minority interest		(19)
Net assets and liabilities		21
Gain on sale of discontinued operation		118
Consideration received, satisfied in cash		139
Cash and cash equivalents disposed of		109
Net cash inflow		248

23. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 March 2016 was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2016 RM'000	2015 RM'000
Continuing operations		
Profit attributable to owners of the Company (RM'000)	1,406	1,626
Number of ordinary shares at 31 March ('000)	42,000	42,000
Basic earnings per ordinary share (sen)	3.35	3.87
Discontinued operation		
Loss attributable to owners of the Company (RM'000)	(71)	(376)
Number of ordinary shares at 31 March ('000)	42,000	42,000
Basic loss per ordinary share (sen)	(0.17)	(0.89)

Diluted earnings per ordinary share

There were no dilutive potential ordinary shares. Hence, no diluted ordinary shares is calculated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Executive Directors) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Trading involved in the trading of leather products and apparels.
- Investment holding involved in investment holding.

Performance is measured based on segment profit before tax, interest, and depreciation, as included in the internal management reports that are reviewed by CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

24. OPERATING SEGMENTS (CONT'D)

Group	Trading RM'000	Investment Holding RM'000	Total RM'000
2016			
Segment profit/(loss)	2,922	1,865	4,787
Included in the measure of segment profit/(loss) are:			
Revenue from external customers	107,484	-	107,484
Inter-segment revenue	78	2,200	2,278
Loss on disposal of associate	-	(835)	(835)
Compensation recoverable arising from acquisition of subsidiary	-	1,542	1,542
Interest income	290	146	436
Inventories written down	(154)	-	(154)
Depreciation of property, plant and equipment	(1,765)	(54)	(1,819)
Depreciation of investment property	(13)	-	(13)
Not included in the measure of segment profit but provided to CODM:			
Finance costs	(1,341)	(27)	(1,368)
Share of profit in equity accounted associate	-	906	906
Tax expense	(407)	(9)	(416)
Segment assets	99,435	30,828	130,263
Included in the measure of segment assets is:			
Additions to non-current assets other than financial instruments and deferred tax assets	2,066	-	2,066
2015			
Segment profit/(loss)	3,302	(704)	2,598
Included in the measure of segment profit/(loss) are:			
Revenue from external customers	86,685	-	86,685
Inter-segment revenue	110	-	110
Interest income	202	381	583
Inventories written down	(147)	-	(147)
Bad debts written off	(738)	-	(738)
Reversal of allowance for impairment losses on receivables	107	-	107
Depreciation of property, plant and equipment	(1,547)	(174)	(1,721)
Depreciation of investment property	(13)	-	(13)
Not included in the measure of segment profit but provided to CODM:			
Finance costs	(580)	(17)	(597)
Share of profit in equity accounted associate	-	1,199	1,199
Tax expense	(1,100)	161	(939)
Segment assets	85,006	22,170	107,176
Included in the measure of segment assets are:			
Investment in associate	-	8,929	8,929
Additions to non-current assets other than financial instruments and deferred tax assets	2,749	-	2,749

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

24. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2016 RM'000	**2015 RM'000**
Profit or loss		
Total profit or loss for reportable segments	4,787	2,598
Elimination of inter-segment profits	(2,200)	-
Finance costs	(1,368)	(597)
Share of profit in equity accounted associate not included in reportable segments	906	1,199
Loss on discontinued operations attributable to the Group	(303)	(635)
Consolidated profit before tax and discontinued operation	1,822	2,565

25. FINANCIAL INSTRUMENTS

25.1 Categories of Financial Instruments

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

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

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
2016			
Group			
Financial assets			
Trade and other receivables	26,483	26,483	-
Cash and cash equivalents	17,980	17,980	-
	44,463	44,463	-
Financial liabilities			
Trade and other payables	(24,864)	(24,864)	-
Loans and borrowings	(21,444)	(21,444)	-
	(46,308)	(46,308)	-
2015			
Group			
Financial assets			
Trade and other receivables	15,913	15,913	-
Other investment	40	-	40
Cash and cash equivalents	30,471	30,471	-
	46,424	46,384	40
Financial liabilities			
Trade and other payables	(8,528)	(8,528)	-
Loans and borrowings	(15,548)	(15,548)	-
	(24,076)	(24,076)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of Financial Instruments (Cont'd)

2016	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Company			
Financial assets			
Other receivables	4	4	-
Cash and cash equivalents	1,182	1,182	-
	1,186	1,186	-
Financial liabilities			
Trade and other payables	(559)	(559)	-
2015			
Company			
Financial assets			
Trade and other receivables	321	321	-
Other investment	40	-	40
Cash and cash equivalents	9,546	9,546	-
	9,907	9,867	40
Financial liabilities			
Trade and other payables	(430)	(430)	-
Loan and borrowings	(210)	(210)	-
	(640)	(640)	-

25.2 Net Gains and Losses From Financial Instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Loans and receivables	604	583	206	368
Financial liabilities measured at amortised cost	(1,701)	(597)	(27)	(17)
	(1,097)	(14)	179	351

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.3 Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to its subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables by geographic region as at the end of the reporting period is mainly domestic.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit Risk (Cont'd)

Receivables (Cont'd)

Impairment losses

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

	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	15,092	-	15,092
Past due 0 - 60 days	6,666	-	6,666
Past due more than 60 days	959	-	959
	22,717	-	22,717
2015			
Not past due	13,608	-	13,608
Past due 0 - 60 days	1,016	-	1,016
Past due more than 60 days	332	-	332
	14,956	-	14,956

No allowance for impairment losses of trade receivables has been made for the past due receivables as the Group monitors the results and repayments of these customers regularly and is confident of the ability of the customers to repay the balances owing.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM8,712,000 (2015: RM5,319,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period after deducting the value of the collateral pledged.

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

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

25.5 Liquidity Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Liquidity Risk (Continued)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2016							
Non-derivative financial liabilities							
Trade and other payables	24,864	-	24,864	24,864	-	-	-
Finance lease liabilities	231	3.04%	277	60	60	151	6
Term loans	8,421	7.31%	9,049	6,901	1,415	733	-
Bank overdrafts - unsecured	907	8.10%	907	907	-	-	-
Bankers' acceptances - secured	11,885	5.21%	11,885	11,885	-	-	-
2015							
Non-derivative financial liabilities							
Trade and other payables	8,528	-	8,528	8,528	-	-	-
Finance lease liabilities	439	4.76%	513	215	211	87	-
Term loans	880	6.56%	951	417	335	199	-
Bank overdrafts - unsecured	371	8.10%	371	371	-	-	-
Bankers' acceptances - secured	13,858	5.36%	13,858	13,858	-	-	-
Company							
2016							
Non-derivative financial liabilities							
Finance lease liabilities	-	-	-	-	-	-	-
2015							
Non-derivative financial liabilities							
Finance lease liabilities	210	6.00%	244	124	120	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.7 Market Risk

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

25.7.1 Currency Risk

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

Risk management objectives, policies and processes for managing the risk

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

Exposure to foreign currency risk

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

	Denominated in *USD*	
	2016 RM'000	**2015 RM'000**
Trade and other payables	3,972	1,598

A 10% (2015:10%) strengthening of RM against the USD at the end of the reporting period would have increased post-tax profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted purchases.

	Profit or loss	
	2016 RM'000	**2015 RM'000**
USD	302	120

A 10% (2015:10%) weakening of RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.7 Market Risk (Cont'd)

25.7.2 Interest Rate Risk

The Group's investments in fixed deposits placed with licensed banks and its fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to obtain the most favourable interest rates available.

Exposure to interest rate risk

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

	2016 RM'000	2015 RM'000
Group		
Fixed rate instruments		
Financial assets	11,594	9,419
Financial liabilities	(12,116)	(14,297)
Floating rate instruments		
Financial liabilities	(9,328)	(1,251)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Equity/Profit or loss			
	100 bp increase 2016 RM'000	100 bp decrease 2016 RM'000	100 bp increase 2015 RM'000	100 bp decrease 2015 RM'000
Floating rate instruments	(72)	72	(10)	10

25. FINANCIAL INSTRUMENTS (CONT'D)

25.8 Fair Value Information

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

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

	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	(259)	-	(259)	(259)	(231)
Term loans	-	-	-	-	-	(8,709)	-	(8,709)	(8,709)	(8,421)
2015										
Financial assets										
Other investment	-	40	-	40	-	-	-	-	40	40
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	(447)	-	(447)	(447)	(439)
Term loans	-	-	-	-	-	(874)	-	(874)	(874)	(880)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.8 Fair Value Information (Cont'd)

	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
2016										
Financial assets										
Other investment	-	-	-	-	-	-	-	-	-	-
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	-	-	-	-	-
2015										
Financial assets										
Other investment	-	40	-	40	-	-	-	-	40	40
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	(231)	-	(231)	(231)	(210)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.8 Fair Value Information (Cont'd)

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2015: no transfer in either directions).

26. CAPITAL MANAGEMENT

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

The debt-to-equity ratios at the end of the reporting period was as follows:

		Group	
	Note	**2016 RM'000**	**2015 RM'000**
Trade and other payables	17	24,864	8,528
Total loans and borrowings	16	21,444	15,548
		46,308	24,076
Less: Cash and cash equivalents	13	(17,980)	(30,471)
Net debt		28,328	-
Total equity		83,955	82,753
Debt-to-equity ratio		0.34	-

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

The Group is required to maintain a maximum gearing ratio of 2.0 times to comply with covenants of certain term loans, failing which, the banks may call an event of default.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

27. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Not later than one year	1,358	1,510
Later than one year but not later than five years	980	1,184
	2,338	2,694

The Group leases a number of properties under operating leases. The leases typically run for a period of 5 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

28. CAPITAL COMMITMENT

	Group	
	2016 RM'000	**2015 RM'000**
Authorised and contracted for		
Purchase of property	-	1,935

29. RELATED PARTIES

Identity of related parties

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

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

The Group has related party relationship with its subsidiaries, companies in which certain Directors have significant financial interests, and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

29. RELATED PARTIES (CONT'D)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 10 and 16.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
A. Subsidiaries				
Dividend income received	-	-	2,200	-
Loans rendered	-	-	-	(300)
Interest income	-	-	7	4
B. Companies in which certain Directors have significant financial interests				
Sale of goods	2,840	2,304	-	-
Purchase of goods	-	(21)	-	-
Consultation fees charged	(32)	-	-	-
Royalty expense	(3,590)	(4,328)	-	-
Rental expense	(160)	-	-	-
C. Key management personnel				
Directors				
Directors' fee	107	108	107	108
Directors' remuneration	781	812	247	255
Post employment benefit	73	110	24	33

The outstanding amounts owing by/(to) the related parties will be settled in cash. No guarantees have been granted to or received from any related parties.

The estimated monetary value of Directors' benefit-in-kind is RM47,000 (2015: RM Nil).

30. ACQUISITION OF SUBSIDIARY

On 23 July 2015, the Group entered into a Share Sale Agreement with a third party to acquire the entire equity interest in Active Fit Sdn. Bhd. ("AFSB"), representing 2,500,000 ordinary share of RM1.00 each, for a total cash consideration of RM19,000,000. The acquisition was completed on 15 October 2015.

AFSB is involved in trading and retailing of casual apparels and accessories. The acquisition of AFSB has further expanded the Group's operations in the apparel industry. In the five months to 31 March 2016, the subsidiary contributed revenue of RM12,132,000 and loss of RM518,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

30. ACQUISITION OF SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2016 RM'000
Fair value of consideration transferred		
Cash and cash equivalents		19,000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	1,858
Inventories		17,889
Trade and other receivables		5,956
Cash and cash equivalents		3,601
Assets classified as held for sale	12	8,695
Current tax assets		1,165
Deferred tax assets	9	273
Loans and borrowings		(9,162)
Trade and other payables		(11,797)
Total identifiable net assets		18,478
Net cash outflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		(19,000)
Cash and cash equivalents acquired		3,601
		(15,399)
Goodwill		
Goodwill was recognised as a result of the acquisition as follows:		
Total consideration transferred		19,000
Fair value of identifiable net assets		(18,478)
Goodwill	5	522

The goodwill is attributable mainly to the synergies expected to be achieved from integrating AFSB into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RM369,000 which mainly comprised legal fees, advisory fees and due diligence costs. The legal fees, advisory fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

Contingent consideration

Under the term of the Share Sale Agreement, the vendors of AFSB provided a profit after tax ("PAT") guarantee of RM2.5 million for AFSB's financial year ended 30 June 2016. As at 31 March 2016, the management assessed the contingent consideration in light of the lower PAT achieved by AFSB and recognised a financial asset of RM1,542,000 representing compensation recoverable from the vendors of AFSB.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 11 June 2015, the Company entered into a Share Sale Agreement to dispose of its entire 51% equity interest in a subsidiary, PC Global Trends Sdn. Bhd., representing 408,000 ordinary shares of RM1 each for a total cash consideration of RM138,700. The disposal was completed on 1 July 2015. The effect on the discontinued operations is disclosed in Note 22 of the financial statements.

On 15 July 2015, the Company entered into a Share Sale Agreement to dispose of its entire 40% equity interest in an associate, PDC Telecommunications Services Sdn. Bhd., representing 600,000 ordinary shares of RM1 each for a total cash consideration of RM9,000,000. The disposal was completed on 28 October 2015.

On 23 July 2015, the Company entered into a Share Sale Agreement to acquire the entire equity interest in Active Fit Sdn. Bhd., representing 2,500,000 ordinary shares of RM1 each for a total cash consideration of RM19,000,000. The acquisition was completed on 15 October 2015. The effect on the acquisition of new subsidiary is disclosed in Note 30 of the financial statements.

32. COMPARATIVE FIGURES

(a) The following comparative figures have been reclassified for the effects of the discontinued operation as disclosed in Note 22 to conform with the presentation of the current financial year:-

	Year ended 31.3.2015	
Group	**As restated RM'000**	**As previously stated RM'000**
Consolidated statements of profit or loss and comprehensive income (Extract):-		
Revenue	86,217	86,685
Cost of sales	(30,796)	(31,097)
Gross profit	55,421	55,588
Administrative and other operating expenses	(29,882)	(30,685)
Profit from continuing operations	1,626	991
Loss from discontinued operation	(635)	-

(b) The Group changed the use of its leasehold building classified under property, plant and equipment to being held to earn rental income in prior years. However, the change of use was not reflected through the transfer of the leasehold building to investment property in accordance with MFRS 140, *Investment Property*. The effects of the correction are as disclosed below:-

	31.3.2015		1.4.2014	
	As restated RM'000	**As previously stated RM'000**	**As restated RM'000**	**As previously stated RM'000**
Group				
Property, plant and equipment	8,642	9,166	7,761	8,298
Investment property	524	-	537	-

The above correction does not have any impact on the earnings per ordinary share of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

33. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	57,596	28,417	14,970	6,392
- unrealised	1,996	(43)	-	-
	59,592	28,374	14,970	6,392
Total share of retained earnings of associate				
- realised	-	8,677	-	-
- unrealised	-	(408)	-	-
	-	8,269	-	-
	59,592	36,643	14,970	6,392
Less: Consolidation adjustments	(17,679)	3,935	-	-
Total retained earnings	41,913	40,578	14,970	6,392

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 40 to 98 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 of 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 99 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Teoh Hwa Peng

Loke Lee Ping

Kuala Lumpur

Date: 15 July 2016

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Teoh Hwa Peng**, the Director primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 99 are, to the best of my knowledge and belief, 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 above named in Kuala Lumpur in the Federal Territory on 15 July 2016.

Teoh Hwa Peng

Before me:

Selvaraj A/L Doraisamy
No.W-320
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD

Report on the Financial Statements

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 40 to 98.

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 31 March 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.

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 are satisfied that the accounts 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.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD (CONT'D)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 99 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

The financial statements of the Group and of the Company as at and for the financial year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 28 July 2015.

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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chan Chee Keong
Approval Number: 3175/04/17(J)
Chartered Accountant

Petaling Jaya,

Date: 15 July 2016

LIST OF PROPERTIES
AS AT 31 MARCH 2016

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2016 (RM'000)	Date of revaluation
No. 63, Jalan 8/146, Bandar Tasik Selatan, Jalan Sg. Besi, 57000 Kuala Lumpur	6 storey shopoffice/ Office	Leasehold expiring on 29/06/2087	17,835	27	2,451	07/08/2015
Prangin Mall Komtar 33-1-48, Jalan Dr Lim Chwee Leong, Prangin Mall Komtar, 10100 Pulau Pinang.	Shop lot/ Office	Leasehold expiring on 09/06/2096	452	19	511	11/08/2015

MESB BERHAD

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2016

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-up Share Capital	:	RM42,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary shareholder on a show of hands 1 vote per ordinary share on a poll
Number of Shareholders	:	1,446

Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	5	0.35	23	0.00
100 to 1,000	310	21.44	289,590	0.69
1,001 – 10,000	928	64.18	3,787,890	9.02
10,001 – 100,000	176	12.17	4,780,600	11.38
100,001 – less than 5% of issued shares	19	1.31	8,187,700	19.50
5% and above of issued shares	8	0.55	24,954,197	59.41
Total	**1,446**	**100.00**	**42,000,000**	**100.00**

Substantial Shareholders according to the Register of Substantial Shareholders

		No. of Shares			
No.	**Name**	**Direct Interest**	**%**	**Indirect Interest**	**%**
1.	Teoh Hwa Peng	870,100	2.07	14,399,099[(1)]	34.28
2.	Tan Sok Gim	2,125,000	5.06	13,144,199[(1)]	31.30
3.	Angsana Inai Sdn Bhd	12,274,099	29.22	-	-
4.	Konwa Industrial Sewing Machine (M) Sdn Bhd	4,847,700	11.54	-	-
5.	Lim Chin Hua Holdings Sdn Bhd	-	-	4,847,700[(1)]	11.54
6.	Lim Chin Hua	-	-	4,847,700[(1)]	11.54
7.	Lee Kuai Fong	-	-	4,847,700[(1)]	11.54
8.	Ihsan Bin Osman	3,289,900	7.83	-	-
9.	Thuraya Binti Hj Kassim	2,417,498	5.76	-	-

(1) Deemed interested by virtue of shareholdings held by the persons connected pursuant to Section 6A of the Companies Act, 1965.

Directors' Shareholdings

	No. of Shares			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Teoh Hwa Peng	870,100	2.07	14,399,099[(1)]	34.28
Tan Sok Gim	2,125,000	5.06	13,144,199[(1)]	31.30
Saffie Bin Bakar	-	-	-	-
Tan Yew Kim	-	-	-	-
Loke Lee Ping	-	-	-	-
Lee Kok Heng	-	-	-	-

(1) Deemed interested by virtue of shareholdings held by the persons connected pursuant to Section 6A of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2016 (CONT'D)

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	%
1	Angsana Inai Sdn Bhd	12,274,099	29.22
2	Konwa Industrial Sewing Machine (M) Sdn Bhd	4,847,700	11.54
3	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ihsan Bin Osman	2,459,300	5.86
4	Thuraya Binti Hj Kassim	2,417,498	5.76
5	Tan Sok Gim	1,762,000	4.20
6	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Siti Esa Binti AB Rahim	1,150,200	2.74
7	Sieh Kok Swee	928,000	2.21
8	UOBM Nominees (Tempatan) Sdn Bhd UOBM for Teoh Hwa Peng (PBM)	870,100	2.07
9	Khoo Loon See	843,600	2.01
10	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ihsan Bin Osman (01509M)	830,600	1.98
11	Chong Kee Son	619,000	1.47
12	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Kee Son	500,000	1.19
13	Sieh Kok Jiun @ Chea Kok Jiunn	489,100	1.16
14	Khoo Loon Im	450,000	1.07
15	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Poh Eng	395,800	0.94
16	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rezwan Bin Ihsan	319,300	0.76
17	Chen Win Sum	300,000	0.71
18	Lim Thiam Chai	239,100	0.57
19	Tan Sok Gim	225,901	0.54
20	Nor Azman Bin Mohd Yussof	217,000	0.52
21	Lee Chee Beng	196,800	0.47
22	Ding Nyok Choo	160,000	0.38
23	Tey Ghee Kian	155,000	0.37
24	Yong Sau Leng	146,000	0.35
25	Tan Sok Gim	137,099	0.33
26	Abdul Halim Bin Ismail	106,400	0.25
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Huat (E-TAI)	102,300	0.24
28	Leau Kim Pun @ Liau Kim Pun	98,000	0.23
29	Abdul Aziz Al-Akbar Bin Mohamed Noor	95,500	0.23
30	Wan Hisham Bin Wan Hamzah	94,000	0.22
	Total	33,429,397	79.59

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MESB BERHAD

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PROXY FORM

No. of shares held

I/We, ______________________ NRIC No./Passport No./Company No. ______________________
of ______________________
being a member/members of MESB Berhad hereby appoint ______________________
NRIC No./Passport No. ______________________ of ______________________

____

*and/or failing him/her ______________________ NRIC No./Passport No. ______________________ of

____

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on my/our behalf at the Twenty- First Annual General Meeting of the Company to be held at Room 1, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Wednesday, 21 September 2016 at 9.30 a.m. and at any adjournment thereof.

Please indicate with (X) on how you want to cast your vote.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2016.			
	Ordinary Business	**Resolution**	**For**	**Against**
2.	To re-elect Mr Loke Lee Ping as a Director.	1		
3.	To re-elect Mr Lee Kok Heng as a Director.	2		
4.	To approve the Directors' fees in respect of the financial year ended 31 March 2016.	3		
5.	To re-appoint the Auditors of the Company.	4		
	Special Business			
6.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	5		
7.	Continuing in Office as Independent Non-Executive Director - Encik Saffie Bin Bakar.	6		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	7		

Dated this day of 2016

……………………………………………………

Signature(s)/Common Seal of Shareholder(s)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy	%
Second named proxy	%
	100 %

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy. In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

*Delete whichever is not applicable.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Act shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.
2. A member shall be entitled to appoint only one proxy to attend and vote at the same meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
6. The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting will be 13 September 2016.

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AFFIX
STAMP

THE SHARE REGISTRAR
MESB Berhad
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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MESB

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