FINANCIAL STATEMENTS

DIRECTORS' REPORT

Directors' report for the year ended 31 March 2017

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

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.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the year attributable to owners of the Company	2,630	7,511

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 during the financial year until the date of this report are:

Loke Lee Ping
Lee Kok Heng
Saffie Bin Bakar
Tan Yew Kim
Chua Jin Kau (Appointed on 1 October 2016)
Tan Sok Gim (Retired on 21 September 2016)
Teoh Hwa Peng (Resigned on 6 March 2017)

DIRECTORS' REPORT (CONT'D)

Directors' interests in shares

None of the Directors holding office at 31 March 2017 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 those fees and other 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 legal fees paid to a firm in which a Director is a member as disclosed in Note 27 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 issued and paid-up capital of the Company during the financial year, except for the transfer of share premium and capital reserve pursuant to Section 618(2) of the Companies Act 2016 amounting to RM42,000 to become part of the Company's share capital.

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.

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.

DIRECTORS' REPORT (CONT'D)

Other statutory information (CONT'D)

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 2017 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.

Subsequent event

The subsequent event after the end of the financial year is as disclosed in Note 29 to the financial statements.

Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

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

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

Loke Lee Ping
Director

Chua Jin Kau
Director

Kuala Lumpur,

Date: 21 July 2017

STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Property, plant and equipment	3	9,379	9,705	-	-
Investment property	4	498	511	-	-
Intangible assets	5	25,168	25,690	-	-
Investments in subsidiaries	6	-	-	49,295	56,385
Deferred tax assets	8	-	391	-	-
Total non-current assets		35,045	36,297	49,295	56,385
Inventories	9	46,114	45,502	-	-
Current tax assets		3,103	1,929	-	-
Trade and other receivables	10	21,471	26,483	1	4
Prepayments		881	2,072	-	-
Cash and cash equivalents	12	26,779	17,980	737	1,182
Total current assets		98,348	93,966	738	1,186
Total assets		133,393	130,263	50,033	57,571
Equity					
Share capital	13	42,042	42,000	42,042	42,000
Reserves	14	39,283	41,955	7,459	15,012
Equity attributable to owners of the Company		81,325	83,955	49,501	57,012
Non-controlling interests		-	-	-	-
Total equity		81,325	83,955	49,501	57,012
Liabilities					
Loans and borrowings	15	4,199	4,127	-	-
Deferred tax liabilities	8	32	-	-	-
Total non-current liabilities		4,231	4,127	-	-
Loans and borrowings	15	26,776	17,317	-	-
Trade and other payables	16	21,061	24,864	532	559
Total current liabilities		47,837	42,181	532	559
Total liabilities		52,068	46,308	532	559
Total equity and liabilities		133,393	130,263	50,033	57,571

The notes on pages 57 to 109 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Continuing operations					
Revenue	17	135,224	107,082	30	2,200
Cost of sales		(58,028)	(42,251)	-	-
Gross profit		77,196	64,831	30	2,200
Other income		230	2,055	114	8,596
Other expense		-	(880)	(7,090)	(898)
Selling and distribution expenses		(33,311)	(28,631)	-	-
Administrative expenses		(44,638)	(35,527)	(582)	(1,436)
Results from operating activities		(523)	1,848	(7,528)	8,462
Finance income		476	436	23	143
Finance costs	18	(1,743)	(1,368)	-	(27)
Share of profit of equity-accounted associate, net of tax	7	-	906	-	-
(Loss)/Profit before tax	19	(1,790)	1,822	(7,505)	8,578
Tax expense	20	(840)	(416)	(6)	-
(Loss)/Profit from continuing operations		(2,630)	1,406	(7,511)	8,578
Discontinued operation					
Loss from discontinued operation, net of tax	21	-	(185)	-	-
(Loss)/Profit and Total comprehensive (loss)/income for the year		(2,630)	1,221	(7,511)	8,578
(Loss)/Profit attributable to:					
Owners of the Company		(2,630)	1,335	(7,511)	8,578
Non-controlling interests		-	(114)	-	-
(Loss)/Profit for the year		(2,630)	1,221	(7,511)	8,578
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(2,630)	1,335	(7,511)	8,578
Non-controlling interests		-	(114)	-	-
Total comprehensive (loss)/income for the year		(2,630)	1,221	(7,511)	8,578
Basic (loss)/earning per ordinary share (sen):					
- from continuing operations	22	(6.26)	3.35		
- from discontinued operation	22	-	(0.17)		
		(6.26)	3.18		

The notes on pages 57 to 109 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	← 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-Control-ling Interest RM'000	Total Equity RM'000
The Group							
At 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 2016/1 April 2016	42,000	5	37	41,913	83,955	-	83,955
Loss and Total comprehensive loss for the year	-	-	-	(2,630)	(2,630)	-	(2,630)
Transfer pursuant to Section 618(2) of the Companies Act 2016	42	(5)	(37)	-	-	-	-
At 31 March 2017	42,042	-	-	39,283	81,325	-	81,325
	Note 13	Note 14	Note 14	Note 14			

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (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 2015	42,000	5	37	6,392	48,434
Profit and Total comprehensive income for the year	-	-	-	8,578	8,578
At 31 March 2016/1 April 2016	42,000	5	37	14,970	57,012
Loss and Total comprehensive loss for the year	-	-	-	(7,511)	(7,511)
Transfer pursuant to Section 618(2) of the Companies Act 2016	42	(5)	(37)	-	-
At 31 March 2017	42,042	-	-	7,459	49,501
	Note 13	Note 14	Note 14	Note 14	

The notes on pages 57 to 109 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax from:					
- *continuing operations*		(1,790)	1,822	(7,505)	8,578
- *discontinued operation*	21	-	(303)	-	-
		(1,790)	1,519	(7,505)	8,578
Adjustments for:					
Bad debts written off		12	-	-	-
Reversal of compensation recoverable/ (Compensation recoverable) arising from acquisition of subsidiary	28	1,437	(1,542)	(105)	-
Deposit written off		-	5	-	-
Depreciation of property, plant and equipment	3	2,066	1,819	-	5
Depreciation of investment property	4	13	13	-	-
Dividends from subsidiaries		-	-	(30)	(2,200)
Property, plant and equipment written off	3	750	206	-	-
Gain on disposal of property, plant and equipment		(3)	(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 investments in subsidiaries	6	-	-	7,090	589
Impairment loss on trade receivables		51	-	-	-
Interest expense		1,743	1,368	-	27
Interest income		(476)	(436)	(23)	(143)
Write-down of inventories		95	154	-	-
Impairment loss of goodwill		522	-	-	-
Net unrealised foreign exchange loss/(gain)		79	(205)	-	-
Share of profit in equity accounted associate	7	-	(906)	-	-
Operating profit/(loss) before changes in working capital		4,499	2,511	(580)	(1,368)
Changes in inventories		(707)	(11,253)	-	-
Changes in trade and other receivables		4,598	(4,945)	3	15
Changes in trade and other payables		(3,882)	5,925	(27)	129
Cash flows generated from/(used in) operations		4,508	(7,762)	(604)	(1,224)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Income tax paid		(1,591)	(1,646)	(6)	-
Interest paid		(1,743)	(1,368)	-	(27)
Net cash from/(used in) operating activities		1,174	(10,776)	(610)	(1,251)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(2,321)	(1,928)	-	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	28	-	(15,399)	-	(19,000)
Dividends received from subsidiaries		-	-	30	2,200
Increase in fixed deposits pledged		(1,433)	(2,175)	-	-
Interest received		476	436	23	143
Proceeds from disposal of assets held for sale	11	-	8,690	-	-
Proceeds from disposal of subsidiary	21	-	248	-	139
Proceeds from disposal of associate	7	-	9,000	-	9,000
Proceeds from disposal of property, plant and equipment		46	641	7	313
Compensation received arising from acquisition of subsidiary	28	105	-	105	-
Repayment from subsidiaries		-	-	-	302
Net cash (used in)/from investing activities		(3,127)	(487)	165	(6,903)
Cash flows from financing activities					
Drawdown/(Repayment) of banker's acceptances		10,293	(3,960)	-	-
Repayment of finance lease liabilities		(69)	(412)	-	(210)
Net (repayment of)/proceeds from term loans		(2,339)	433	-	-
Net cash from/(used in) financing activities		7,885	(3,939)	-	(210)
Net increase/(decrease) in cash and cash equivalents		5,932	(15,202)	(445)	(8,364)
Cash and cash equivalents at 1 April		5,479	20,681	1,182	9,546
Cash and cash equivalents at 31 March	(i)	11,411	5,479	737	1,182

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (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	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Deposits placed with licensed banks	12	13,027	11,594	-	-
Less: Pledged deposits		(13,027)	(11,594)	-	-
		-	-	-	-
Cash and bank balances	12	13,593	6,232	578	1,028
Highly liquid investments with financial institutions	12	159	154	159	154
Bank overdrafts	15	(2,341)	(907)	-	-
		11,411	5,479	737	1,182

(ii) **Acquisition of property, plant and equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,533,000 (2016: RM2,066,000), of which RM212,000 (2016: RM138,000) was acquired by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

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 21 July 2017.

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 ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

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

- 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, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, and Amendments to MFRS 128, which are not applicable to the Group and the Company.

- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

(i) MFRS 15, Revenue from Contracts with Customers

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, Financial Instruments

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

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

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

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

Information about critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements is discussed below:

(i) Impairment of intangible assets

(a) Measurement of the recoverable amounts of cash-generating units containing goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy as explained in Note 2(k)(ii) to the financial statements.

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates.

The recoverable amounts of goodwill have been determined based on the value in use calculations, which resulted in an impairment loss during the year amounting to RM522,000 (2016: RM nil).

The carrying amount of goodwill and estimates used in the value in use calculations are disclosed in Note 5.1 to the financial statements.

(b) Measurement of the recoverable amounts of cash-generating units relating to the patent and trademark

The Group tests patent and trademark for impairment annually in accordance with its accounting policy as explained in Note 2(k)(ii) to the financial statements.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units relating to the patent and trademark, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates.

The recoverable amount of patent and trademark has been determined based on the value in use calculation as disclosed in Note 5.2 to the financial statements. Based on the assessment, there was no impairment loss recognised in profit or loss for the financial year ended 31 March 2017 (2016: RM nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

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

(ii) Impairment of investments in subsidiaries

The Company reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of investments in subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

Value in use is the present value of the projected future cash flows derived from the business operations of respective subsidiaries discounted at an appropriate discount rate. The discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement has been made to determine the future growth of the businesses of the subsidiaries and the discount rate to be applied in deriving the present value of the projected future cash flows.

The carrying amounts of investments in subsidiaries and estimates used in the value in use calculations are disclosed in Note 6 and Note 5.1 to the financial statements respectively. Based on the assessment, there was an impairment loss on investments in subsidiaries recognised in profit or loss amounting to RM7,090,000 (2016: RM589,000).

(iii) Write-down of inventories

The Group writes down the inventories in accordance to the Group's policy. Judgement is required to assess the appropriate level of provisioning for items which may be ultimately sold below cost as a result of changing consumer demands and fashion trends.

Based on the assessment, the write-down of inventories recognised in profit or loss is amounting to RM 95,000 (2016: RM154,000).

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Associates (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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.

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 2017 (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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation

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

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%
• Forklift	10%

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 2017 (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 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 2017 (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue and other income

(i) Sale of goods

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 2017 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Forklift RM'000	Total RM'000
Group								
Cost								
At 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	28	-	-	1,835	3	20	-	1,858
Disposal of subsidiary	21	-	-	(2)	(69)	(587)	-	(658)
At 31 March 2016/ 1 April 2016		3,074	365	4,708	2,586	8,337	-	19,070
Additions		-	212	532	43	1,701	45	2,533
Disposals		-	(40)	-	-	(22)	-	(62)
Written off		-	-	(644)	-	(965)	-	(1,609)
At 31 March 2017		3,074	537	4,596	2,629	9,051	45	19,932

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

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

	Note	Leasehold land and buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Forklift RM'000	Total RM'000
Group								
Accumulated depreciation								
At 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 subsidiary	21	-	-	-	(21)	(78)	-	(99)
At 31 March 2016/ 1 April 2016		623	115	1,266	2,546	4,815	-	9,365
Depreciation for the year		50	98	515	44	1,355	4	2,066
Disposals		-	(5)	-	-	(14)	-	(19)
Written off		-	-	(491)	-	(368)	-	(859)
At 31 March 2017		673	208	1,290	2,590	5,788	4	10,553
Carrying amounts								
At 1 April 2015		2,501	431	1,433	145	4,132	-	8,642
At 31 March 2016/ 1 April 2016		2,451	250	3,442	40	3,522	-	9,705
At 31 March 2017		2,401	329	3,306	39	3,263	41	9,379

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

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

	Computer RM'000	Motor vehicles RM'000	Total RM'000
Company			
Cost			
At 1 April 2015	15	609	624
Disposals	-	(601)	(601)
At 31 March 2016/1 April 2016	15	8	23
Disposal	-	*	*
At 31 March 2017	15	8	23
Accumulated depreciation			
At 1 April 2015	12	487	499
Disposals	-	(481)	(481)
Depreciation for the year	3	2	5
At 31 March 2016/1 April 2016	15	8	23
Disposal	-	*	*
At 31 March 2017	15	8	23
Carrying amounts			
At 1 April 2015	3	122	125
At 31 March 2016/1 April 2016/31 March 2017	-	-	-

* denotes RM1

3.1 Motor vehicles under hire purchase arrangements

The carrying amount of motor vehicles of the Group held under hire purchase arrangements as at the end of the reporting period was RM329,000 (2016: RM250,000).

3.2 Security

The leasehold land and buildings of the Group with an aggregate carrying amount of RM2,401,000 (2016: RM2,451,000), are pledged as security for bank facilities granted to the Group (see Note 15).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

4. INVESTMENT PROPERTY

	Group Leasehold building RM'000
Cost	
At 1 April 2015/31 March 2016/1 April 2016/ 31 March 2017	666
Accumulated depreciation	
At 1 April 2015	142
Depreciation for the year	13
At 31 March 2016/1 April 2016	155
Depreciation for the year	13
31 March 2017	168
Carrying amounts	
At 1 April 2015	524
At 31 March 2016/1 April 2016	511
At 31 March 2017	498

	2017 RM'000	2016 RM'000
Fair value		
Leasehold building	750	750

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

The investment property has been pledged to licensed bank as security for banking facilities granted to a subsidiary of the Group.

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

The direct expenses relating to the investment property which is income generating is RM2,000 (2016: 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 October 2016 which estimated the market value of the investment property based on sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

5. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Patent and trademark RM'000	Total RM'000
Cost				
At 1 April 2015		24,668	500	25,168
Additions	28	522	-	522
At 31 March 2016/1 April 2016/ 31 March 2017		25,190	500	25,690
Accumulated impairment loss				
At 1 April 2015/31 March 2016/ 1 April 2016		-	-	-
Impairment loss for the year		(522)	-	(522)
At 31 March 2017		(522)	-	(522)
Carrying amounts				
At 1 April 2015		24,668	500	25,168
At 31 March 2016		25,190	500	25,690
At 31 March 2017		24,668	500	25,168
		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 2017 RM'000	Group 2016 RM'000
Miroza Leather (M) Sdn. Bhd. ("MLMSB")	24,668	24,668
Active Fit Sdn. Bhd. ("AFSB")	-	522
	24,668	25,190

The goodwill on consolidation arose from the acquisition of MLMSB and AFSB. Thus, the cash-generating units ("CGUs") to which the goodwill belongs 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 flows to be generated by both CGUs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (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")

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 Board of Directors 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 terminal growth rate of 1% (2016: 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 the long-term nature of MLMSB's business.

- The anticipated annual revenue growth included in the cash flow projections is 2%-3% (2016: 3%-4%) 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% (2016: 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 59%-61% (2016: 62%-63%), 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 Board of Directors 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 terminal growth rate of 1% (2016: 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 the long-term nature of AFSB's business.

- The anticipated annual revenue growth included in the cash flow projections is 3%-4% (2016: 2%-3%) which is based on the current market conditions and management's revenue growth projections.

- A pre-tax discount rate of 11.18% (2016 : 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 45%-50% (2016: 50%-53%), based on the average GP margin experienced over the past 3 years.

Based on the impairment test undertaken, the recoverable amount of the investment in AFSB is estimated to be below the carrying amount of the CGU. Therefore, the goodwill relating to the CGU of RM522,000 is fully impaired and recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

5. INTANGIBLE ASSETS (CONT'D)

5.2 Patent and trademark

This represents intellectual rights, trademark and patent pertaining to a brand. This brand is also the cash-generating unit ("CGU") 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.

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 Board of Directors 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 terminal growth rate of 1% (2016: 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 business in which the brand belongs.

- The anticipated annual revenue growth included in the cash flow projections is 2%-3% (2016: 4%-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% (2016: 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 68%-69% (2016: 65%-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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	57,249	57,249
Less: Impairment loss	(7,954)	(864)
	49,295	56,385

Details of the subsidiaries are as follows:

Name of entity	Principle place of business/Country of incorporation	Principal activities	Effective ownership interest 2017 %	Effective ownership interest 2016 %
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	100

7. INVESTMENT IN ASSOCIATE

In the previous financial year, the Company disposed of its entire equity interest of 40% 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

7. INVESTMENT IN ASSOCIATE (CONT'D)

	2016 RM'000
Group	
Summarised financial information	
Period ended 31 October 2015	
Profit for the period	2,264
Other comprehensive income	-
Total comprehensive income	2,264
As at 31 March	
Included in the total comprehensive income is:	
Revenue	5,281
Group's share of results for the year ended 31 March	
Group's share of profit	906
Group's share of other comprehensive income	-
Group's share of total comprehensive income	906

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Property, plant and equipment	-	-	(287)	(198)	(287)	(198)
Other deductible temporary differences	255	589	-	-	255	589
Tax assets/(liabilities)	255	589	(287)	(198)	(32)	391
Set off of tax	(255)	(198)	255	198	-	-
Net tax assets/(liabilities)	-	391	(32)	-	(32)	391

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

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

Unrecognised deferred tax assets

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

	Group 2017 RM'000	Group 2016 RM'000
Property, plant and equipment	(692)	-
Other deductible temporary differences	2,971	-
	2,279	-

Movement in temporary differences during the year

Group	At 1.4.2015 RM'000	Recognised in profit or loss (Note 20) RM'000	Arising from business combination (Note 28) RM'000	At 31.3.2016/ 1.4.2016 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.3.2017 RM'000
Property, plant and equipment	(135)	132	(195)	(198)	(89)	(287)
Other deductible temporary differences	92	29	468	589	(334)	255
	(43)	161	273	391	(423)	(32)

9. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
Trading merchandise	46,114	45,502
Recognised in profit or loss		
- inventories recognised as cost of sales	50,332	39,160
- write-down of inventories	95	154

The write-down of inventories is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade receivables	10.1	20,435	22,717	-	-
Non-trade					
Other receivables		311	2,809	-	-
Deposits		725	957	1	4
		1,036	3,766	1	4
		21,471	26,483	1	4

10.1 Included in trade receivables is amount due from companies in which a former Director has significant financial interests of RM76,000 (2016: RM nil). The amount is subject to negotiated trade terms.

11. ASSETS CLASSIFIED AS HELD FOR SALE

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 of 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.

12. CASH AND CASH EQUIVALENTS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Highly liquid investments with financial institutions	12.1	159	154	159	154
Fixed deposits placed with licensed banks	12.2	13,027	11,594	-	-
Cash and bank balances		13,593	6,232	578	1,028
		26,779	17,980	737	1,182

12.1 Highly liquid investments 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.

12.2 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 15).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

13. SHARE CAPITAL

		Group and Company			
	Note	Number of shares 2017 RM'000	Amount 2017 RM'000	Number of shares 2016 RM'000	Amount 2016 RM'000
Ordinary shares, issued and fully paid:					
At 1 April	13.1	42,000	42,000	42,000	42,000
Transfer pursuant to Section 618(2) of the Companies Act 2016	13.2	-	42	-	42
At 31 March		42,000	42,042	42,000	42,042

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

13.1 Ordinary shares

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

13.2 Transfer from share premium and capital reserve

Pursuant to Section 618(2) of the Act, the sum of RM42,000 standing to the credit of the Company's share premium and capital reserve has been transferred and became part of the Company's share capital.

14. RESERVES

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share premium	14.1	-	5	-	5
Capital reserve	14.2	-	37	-	37
Retained earnings		39,283	41,913	7,459	14,970
		39,283	41,955	7,459	15,012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

14. RESERVES (CONT'D)

14.1 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. In the current financial year, the amount has been transferred and become part of the Company's share capital as disclosed in Note 13.2 to the financial statements.

14.2 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. In the current financial year, the amount has been transferred and become part of the Company's share capital as disclosed in Note 13.2 to the financial statements.

15. LOANS AND BORROWINGS

		Group	
		2017	**2016**
	Note	**RM'000**	**RM'000**
Non-current			
Term loans – secured	15.1	3,898	3,943
Finance lease liabilities	15.2	301	184
		4,199	4,127
Current			
Term loans – secured	15.1	2,184	4,478
Finance lease liabilities	15.2	73	47
Bank overdrafts - secured	15.3	2,341	907
Bankers' acceptances - secured	15.3	22,178	11,885
		26,776	17,317
		30,975	21,444

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

15. LOANS AND BORROWINGS (CONT'D)

15.1 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 2017 RM'000	2016 RM'000
1	60	24,592	January 2012	-	217
2	60	10,102	November 2013	186	288
3	60	60,615	March 2015	1,944	2,502
4	36	13,340	September 2015	-	357
5	36	94,495	October 2015	1,609	2,567
6	12	444,244	October 2015	-	2,490
7	60	40,457	November 2016	1,860	-
8	30	10,079	January 2017	483	-
				6,082	8,421

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;
(ii) a pledge over the fixed deposits placed with licensed banks of the subsidiaries;

and are supported by corporate guarantees provided by the Company.

15.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group

	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000
Less than one year	92	(19)	73	60	(13)	47
Between one and five years	287	(29)	258	217	(33)	184
More than five years	44	(1)	43	-	-	-
	423	(49)	374	277	(46)	231

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

15. LOANS AND BORROWINGS (CONT'D)

15.3 Bank overdrafts and banker's acceptances

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

16. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Trade payables	16.1	12,721	17,383	-	-
Non-trade					
Other payables		4,120	3,554	467	487
Accrued expenses		4,220	3,927	65	72
		8,340	7,481	532	559
		21,061	24,864	532	559

16.1 Included in trade payables is amount due to companies in which a former Director has significant financial interests of RM1,382,000 (2016: RM4,436,000). The amount is subject to negotiated trade terms.

17. REVENUE

	Continuing operations		Discontinued operations (Note 21)		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Group						
Sale of goods	135,224	107,082	-	402	135,224	107,484
Company						
Dividends	30	2,200	-	-	30	2,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

18. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	523	527	-	-
- finance lease liabilities	35	41	-	27
- bank overdrafts	217	68	-	-
- bankers' acceptances	968	732	-	-
	1,743	1,368	-	27

19. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	180	128	55	30
- Non-audit fees				
KPMG in Malaysia	10	10	10	10
Other auditors	71	109	3	-
Bad debts written off	12	-	-	-
Reversal of compensation recoverable/ (Compensation recoverable) arising from acquisition of subsidiary	1,437	(1,542)	(105)	-
Deposit written off	-	5	-	-
Depreciation of property, plant and equipment	2,066	1,819	-	5
Depreciation of investment property	13	13	-	-
Dividends from subsidiaries	-	-	(30)	(2,200)
Gain on disposal of property, plant and equipment	(3)	(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 investments in subsidiaries	-	-	7,090	589
Impairment loss on trade receivables	51	-	-	-
Impairment loss of goodwill	522	-	-	-
Write-down of inventories	95	154	-	-
Interest expense	1,743	1,368	-	27

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

19. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting) (Cont'd):				
Interest income:				
- fixed deposits placed with licensed banks	(476)	(436)	(23)	(136)
- others	-	-	-	(7)
Property, plant and equipment written off	750	206	-	-
Personnel expenses (including key management personnel):				
- Salaries, wages, allowances and bonuses	24,446	18,268	215	274
- Defined contribution plans	2,367	1,850	22	22
- Other benefits	-	10	-	-
Realised loss on foreign exchange	406	-	-	-
Rental of premises	2,372	1,504	-	-
Rental income from investment property	(64)	(86)	-	-
Net unrealised foreign exchange loss/(gain)	79	(205)	-	-
Share of profit in equity accounted associate	-	(906)	-	-

20. TAX EXPENSE

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Recognised in profit or loss					
Income tax expense on continuing operations		840	416	6	-
Income tax expense on discontinued operation	21	-	-	-	-
Total income tax expense		840	416	6	-
Current tax expense					
- Current year		785	953	-	-
- (Over)/Under provision in prior year		(368)	(376)	6	-
Total current tax recognised in profit or loss		417	577	6	-
Deferred tax expenses					
- Origination and reversal of temporary differences		(335)	(194)	-	-
- Under provision in prior year		211	33	-	-
- Write-down of deferred tax asset		547	-	-	-
Total deferred tax recognised in profit or loss		423	(161)	-	-
Total income tax expense		840	416	6	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

20. TAX EXPENSE (CONT'D)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Reconciliation of tax expense					
(Loss)/Profit before tax from continuing operations		(1,790)	1,822	(7,505)	8,578
Loss before tax from discontinued operation	21	-	(303)	-	-
(Loss)/Profit before tax		(1,790)	1,519	(7,505)	8,578
Income tax calculated using Malaysian tax of 24%		(430)	364	(1,801)	2,059
Effect of change in tax rate*		-	(2)	-	-
Effect of deferred tax assets not recognised		547	-	-	-
Non-taxable income		(5)	(28)	(12)	(2,465)
Share of tax in equity accounted associate		-	(217)	-	-
Non-deductible expenses		885	642	1,813	406
(Over)/Under provision in prior year		(157)	(343)	6	-
		840	416	6	-

* 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.

21. 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. Management disposed of this subsidiary in the financial year 2016 due to the strategic decision to place greater focus on the Group's core businesses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

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

Loss attributable to the discontinued operation was as follows:

Results of discontinued operation

	Note	Group 1.4.2015 to date of disposal RM'000
Revenue	17	402
Expenses		(705)
Results from operating activities		(303)
Tax expense	20	-
Results from operating activities, net of tax		(303)
Gain on sale of discontinued operation		118
Tax on gain on sale of discontinued operation		-
Loss for the year		(185)
Included in results from operating activities are:		
Depreciation of property, plant and equipment		35

The losses from discontinued operation of RM185,000 is attributable 51% to the owners of the Company.

Cash flows from discontinued operation/disposal of subsidiary	Group 2016 RM'000
Net cash from operating activities	248

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

22. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per ordinary share

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

	Group	
	2017 RM'000	**2016 RM'000**
Continuing operations		
(Loss)/Profit attributable to owners of the Company (RM'000)	(2,630)	1,406
Number of ordinary shares at 31 March ('000)	42,000	42,000
Basic earnings per ordinary share (sen)	(6.26)	3.35
Discontinued operation		
Loss attributable to owners of the Company (RM'000)	-	(71)
Number of ordinary shares at 31 March ('000)	-	42,000
Basic loss per ordinary share (sen)	-	(0.17)

Diluted earnings per ordinary share

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

23. 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 Makers ("CODM") (i.e. the Group's Executive Directors) review 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 assets 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

23. OPERATING SEGMENTS (CONT'D)

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.

Group	**Trading RM'000**	**Investment holding RM'000**	**Total RM'000**
2017			
Segment profit/(loss)	2,543	(2,560)	(17)
Included in the measure of segment profit/ *(loss) are:*			
Revenue from external customers	135,224	-	135,224
Inter-segment revenue	1,536	30	1,566
Reversal of compensation recoverable arising from acquisition of subsidiary	-	(1,437)	(1,437)
Interest income	452	24	476
Write-down of inventories	95	-	95
Depreciation of property, plant and equipment	(2,016)	(50)	(2,066)
Depreciation of investment property	-	(13)	(13)
Not included in the measure of segment profit but provided to CODM:			
Finance costs	(1,743)	-	(1,743)
Tax expense	(832)	(8)	(840)
Segment assets	105,202	28,191	133,393
Included in the measure of segment assets is:			
Additions to non-current assets other than financial instruments and deferred tax assets	2,533	-	2,533

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

23. OPERATING SEGMENTS (CONT'D)

Group 2016	Trading RM'000	Investment holding RM'000	Total RM'000
Segment profit	2,922	1,865	4,787
Included in the measure of segment profit 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
Write-down of inventories	(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

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

	Group 2017 RM'000	Group 2016 RM'000
Profit or loss		
Total (loss)/profit for reportable segments	(17)	4,787
Elimination of inter-segment profits	(30)	(2,200)
Finance costs	(1,743)	(1,368)
Share of profit in equity accounted associate not included in reportable segments	-	906
Loss on discontinued operation attributable to the Group	-	(303)
Consolidated (loss)/profit before tax and discontinued operation	(1,790)	1,822

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS

24.1 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").

	Carrying amount RM'000	L&R/ (FL) RM'000
Group		
2017		
Financial assets		
Trade and other receivables	21,471	21,471
Cash and cash equivalents	26,779	26,779
	48,250	48,250
Financial liabilities		
Trade and other payables	(21,061)	(21,061)
Loans and borrowings	(30,975)	(30,975)
	(52,036)	(52,036)
2016		
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
Company		
2017		
Financial assets		
Other receivables	1	1
Cash and cash equivalents	737	737
	738	738
Financial liabilities		
Trade and other payables	(532)	(532)
2016		
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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net gains/(losses) on:				
Loans and receivables	502	604	3	206
Financial liabilities measured at amortised cost	(2,259)	(1,496)	-	(27)
	(1,757)	(892)	3	179

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 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 amount 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 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Impairment losses

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

	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	15,655	-	15,655
Past due 0 - 60 days	4,387	-	4,387
Past due more than 60 days	444	(51)	393
	20,486	(51)	20,435
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

No allowance for impairment losses of trade receivables has been made for the remaining 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.

The movement in the allowance for impairment losses of trade receivables during the financial year was:

	2017 RM'000	2016 RM'000
At 1 April	-	-
Impairment loss recognised	51	-
At 31 March	51	-

The allowance account in respect of trade receivables is used to record impairment losses, unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.4 Credit risk (Cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM12,198,000 (2016: RM3,800,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period after deducting the value of 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.

24.5 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 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.6 Liquidity risk (Cont'd)

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							
2017							
Non-derivative financial liabilities							
Trade and other payables	21,061	-	21,061	21,061	-	-	-
Finance lease liabilities	374	2.62 – 3.38%	423	92	92	195	44
Term loans	6,082	*	6,908	2,589	1,993	2,326	-
Bank overdrafts - secured	2,341	**	2,341	2,341	-	-	-
Bankers' acceptances - secured	22,178	4.83 – 5.43%	22,178	22,178	-	-	-
2016							
Non-derivative financial liabilities							
Trade and other payables	24,864	-	24,864	24,864	-	-	-
Finance lease liabilities	231	2.66 – 3.38%	277	60	60	157	-
Term loans	8,421	*	9,049	6,901	1,415	733	-
Bank overdrafts - secured	907	**	907	907	-	-	-
Bankers' acceptances - secured	11,885	5.23 – 5.70%	11,885	11,885	-	-	-

* represents lenders' cost of funds plus 1.00 – 1.50%

** represents lenders' cost of funds plus 1.25 – 1.50%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.7 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.

24.7.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	Denominated in *USD*	
	2017	**2016**
	RM'000	**RM'000**
Trade and other payables	3,661	3,972

A 10% (2016:10%) strengthening of RM against 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	
	2017	**2016**
	RM'000	**RM'000**
USD	278	302

A 10% (2016:10%) weakening of RM against 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 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.7 Market risk (Cont'd)

24.7.2 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:

	2017 RM'000	2016 RM'000
Group		
Fixed rate instruments		
Financial assets	13,027	11,594
Financial liabilities	(22,552)	(12,116)
Floating rate instruments		
Financial liabilities	(8,423)	(9,328)

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 50 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			
	50 bp increase 2017 RM'000	50 bp decrease 2017 RM'000	50 bp increase 2016 RM'000	50 bp decrease 2016 RM'000
Floating rate instruments	(32)	32	(35)	35

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.8 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 statements of financial position.

	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1	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
2017										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	(393)	-	(393)	(393)	(374)
Term loans	-	-	-	-	-	(6,089)	-	(6,089)	(6,089)	(6,082)
2016										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	(259)	-	(259)	(259)	(231)
Term loans	-	-	-	-	-	(8,709)	-	(8,709)	(8,709)	(8,421)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.8 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 (2016: no transfer in either directions).

25. 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 ratio at the end of the reporting period was as follows:

	Note	2017 RM'000	2016 RM'000
Trade and other payables	16	21,061	24,864
Total loans and borrowings	15	30,975	21,444
		52,036	46,308
Less: Cash and cash equivalents	12	(26,779)	(17,980)
Net debt		25,257	28,328
Total equity		81,325	83,955
Debt-to-equity ratio		0.31	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 1.25 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 2017 (CONT'D)

26. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows :-

	Group	
	2017 **RM'000**	**2016** **RM'000**
Not later than one year	1,608	1,358
Later than one year but not later than five years	617	980
	2,225	2,338

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

27. 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.

The Group has related party relationships with its subsidiaries, companies in which certain former Directors have significant financial interests, a firm in which a Director is a member and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

27. 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 Notes 10 and 16.

		Group		Company	
		2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
A.	**Subsidiaries**				
	Dividend income received	-	-	30	2,200
	Interest income	-	-	-	7
B.	**Companies in which certain former Directors have significant financial interests**				
	Sale of goods	2,081	2,840	-	-
	Consultation fees charged	-	(32)	-	-
	Royalty expense	(1,670)	(3,590)	-	-
	Purchase of goods	(44)	-	-	-
	Rental expense	-	(160)	-	-
C.	**A firm in which a Director is a member**				
	Legal fees	(11)	-	-	-
D.	**Key management personnel**				
	Directors				
	- Directors' fee	107	107	107	107
	- Directors' remuneration	497	781	135	247
	- Post-employment benefits	55	73	12	24

The estimated monetary value of Directors' benefit-in-kind is RM13,000 (2016: RM47,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

28. ACQUISITION OF SUBSIDIARY

In the previous financial year, 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.

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	11	8,695
Current tax assets		1,165
Deferred tax assets	8	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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

28. ACQUISITION OF SUBSIDIARY (CONT'D)

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. In the previous financial year, 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.

In the current financial year, the management re-assessed the contingent consideration based on the audited PAT of AFSB for the financial year ended 30 June 2016. Based on the audited PAT of RM2,395,000 achieved by AFSB, the vendors of AFSB have compensated the shortfall of the profit guarantee of RM105,000. The difference between the compensation recoverable from the vendors of AFSB recognised in the previous financial year and the actual compensation received has been recognised in current year profit or loss.

29. SUBSEQUENT EVENTS

As announced on 11 July 2017, the Company has proposed to undertake a private placement of 12,600,000 new ordinary shares in the Company ("Placement Shares"), representing 30% of the Company's total number of issued shares to independent third party investors at an issue price of RM0.73 per Placement Share.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation as follows:-

	Company	
Statement of profit or loss and other comprehensive income for the year ended 31 March 2016	**As restated RM'000**	**As previously stated RM'000**
Other expense	(898)	(309)
Administrative expenses	(1,436)	(2,025)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

31. 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	52,808	57,596	7,459	14,970
- unrealised	(111)	1,996	-	-
	52,697	59,592	7,459	14,970
Less: Consolidation adjustments	(13,414)	(17,679)	-	-
Total retained earnings	39,283	41,913	7,459	14,970

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 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 50 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 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 31 on page 109 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:

Loke Lee Ping
Director

Chua Jin Kau
Director

Kuala Lumpur

Date: 21 July 2017

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Lui Boo Hock, the officer primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 109 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lui Boo Hock, I/C No 690410-10-5667, at Kuala Lumpur in the State of Federal Territory on 21 July 2017.

Lui Boo Hock

Before me:

D. Selvaraj
No.W320
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MESB BERHAD

(Company No. 337554 - D)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill	
Refer to Note 2(f) - Significant accounting policy: Intangible assets and Note 5 – Intangible assets.	
The key audit matter	**How the matter was addressed in our audit**
At 31 March 2017, the Group's consolidated statement of financial position includes goodwill amounting to RM24.67 million, arising from 2 cash generating units ("CGUs'). Impairment of goodwill is considered to be a key audit matter due to the significance of the goodwill amount to the Group's consolidated statement of financial position and of the judgement involved in the assessment of the recoverable amounts of the CGUs by the Directors. The recoverable amounts were determined based on the value in use of the CGUs. The judgemental areas include the future results of the CGUs and the discount rates applied to the cash flow projections.	Our procedures included, amongst others: • We assessed the Group's assumptions and estimates used to determine the value in use of the CGUs, including those relating to sales growth, cost, terminal growth and discount rates by corroborating the key market related assumptions to external data and budgeted forecast based on historical results; • We assessed the historical accuracy of the cash flow projections of the Group; • We engaged KPMG valuation specialists when considering the appropriateness of the discount rates applied in the cash flow projections and the reasonableness of the calculated earnings (EBITDA) multiple; • We assessed the sensitivity analysis prepared by the Group on key assumptions and estimates, i.e. sales growth, cost, discount rates and terminal growth in the cash flow projections; and • We considered the adequacy of the Group's disclosures in relation to the impairment assessment of goodwill.

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

(Company No. 337554 - D)
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Valuation of inventories	
Refer to Note 2(h) - Significant accounting policy: Inventories and Note 9 – Inventories.	
The key audit matter	**How the matter was addressed in our audit**
The Group sells leather products, apparels and accessories which are subject to changing consumer demands and fashion trends, therefore increasing the level of judgement involved in estimating inventory provisions (inventory amount as at 31 March 2017 is RM46.11 million). We have identified valuation of inventories as a key audit matter because the judgement made by the Group in determining an appropriate level of provisioning for items which may be ultimately sold below cost as a result of changing consumer demands and fashion trends involves expectations and plans for future sales.	Our procedures included, amongst others: • We critically assessed the basis for the inventory provisions and the consistency of provisioning with the Group policy; • We checked whether items in the inventory ageing report were classified within the appropriate ageing bracket; • We tested the provision calculations and determined that they appropriately took into account the ageing profile of inventories; and • We compared post year-end sales prices to determine if the inventories were stated at lower of cost and net realisable value. For items where there were no post year-end sales, we checked to the most recent sales during the year and the current recommended selling prices.
Impairment of investments in subsidiaries	
Refer to Note 1(d)(ii) – Impairment of investments in subsidiaries and Note 6 – Investments in subsidiaries.	
The key audit matter	**How the matter was addressed in our audit**
At 31 March 2017, the Company's statement of financial position includes investments in subsidiaries amounting to RM49.30 million. The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. A subsidiary which operates in apparel industry has recorded losses during the financial year due to sluggish consumption, upward pressure on operating costs from depreciation in Ringgit and rising distribution related costs. Impairment of investment in the subsidiary is considered to be a key audit matter due to the significance of the investment amount to the Company's statement of financial position and of the judgement involved in the assessment of the recoverable amount of the subsidiary by the Directors. The recoverable amount was determined based on the value in use of the loss making subsidiary. The judgemental areas include the future results of the subsidiary and the discount rate applied to the cash flow projection.	Our procedures included, amongst others: • We inspected the Company's assessment on investments in subsidiaries for any indication of impairment; • We assessed the Company's assumptions and estimates used to determine the value in use of the subsidiary, including those relating to sales growth, cost, terminal growth and discount rates by corroborating the key market related assumptions to external data and budgeted forecast based on historical results; • We assessed the historical accuracy of the cash flow projections prepared by the Company; • We assessed the sensitivity analysis prepared by the Company on key assumptions and estimates, i.e. sales growth, cost, discount rates and terminal growth in the cash flow projections; and • We considered the adequacy of the Company's disclosures in relation to the impairment assessment of investments in subsidiaries.

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

(Company No. 337554 - D)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

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

(Company No. 337554 - D)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 31 on page 109 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2019 J
Chartered Accountant

Petaling Jaya

Date: 21 July 2017

LIST OF PROPERTIES
AS AT 31 MARCH 2017

Location	Description/ Existing use	Tenure	Approximate Land/Built-up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 31/03/2017 (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	28	2,401	12/10/2016
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	20	498	12/10/2016

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

Class of Shares	:	Ordinary Shares
Issued Share Capital	:	42,000,000 Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share
Number of Shareholders	:	1,392

Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	10	0.72	125	0.00
100 to 1,000	298	21.41	275,488	0.66
1,001 – 10,000	886	63.65	3,500,491	8.33
10,001 – 100,000	172	12.36	4,588,799	10.93
100,001 – less than 5% of issued shares	19	1.36	10,763,301	25.63
5% and above of issued shares	7	0.50	22,871,796	54.45
Total	**1,392**	**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	15,999	0.04	12,274,099[1]	29.22
2.	Tan Sok Gim	-	-	12,290,098[1]	26.26
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	3,416,500	8.13	1,843,100[1]	4.39
9.	Thuraya Binti Hj Kassim	2,317,498	5.52	-	-

[1] Deemed interested by virtue of shareholdings held by the persons connected pursuant to Section 8 of the Companies Act, 2016.

Directors' Shareholdings

	No. of Shares			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Saffie Bin Bakar	-	-	-	-
Tan Yew Kim	-	-	-	-
Loke Lee Ping	-	-	-	-
Lee Kok Heng	-	-	-	-
Chua Jin Kau	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017 (CONT'D)

Top Thirty (30) Securities Accounts Holders as at 30 June 2017
(Without aggregating the securities from different securities account belonging to the same Depositor)

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	2,317,498	5.52
5	Yew Kuok Yee	1,725,201	4.11
6	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Heng Kear Huat	1,493,000	3.55
7	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siti Esa Binti AB Rahim	1,150,200	2.74
8	Sieh Kok Swee	928,000	2.21
9	Khoo Loon See	903,000	2.15
10	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ihsan Bin Osman (01509M)	830,600	1.98
11	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Kee Son	789,000	1.88
12	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rezwan Bin Ihsan	499,500	1.19
13	Sieh Kok Jiun @ Chea Kok Jiunn	489,100	1.16
14	Khoo Loon Im	450,000	1.07
15	Ding Nyok Choo	445,000	1.06
16	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Poh Eng	395,800	0.94
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Poh Thiam Seong	361,600	0.86
18	Lee Chee Beng	225,800	0.54
19	Nor Azman Bin Mohd Yussof	217,000	0.52
20	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Elena Binti Ihsan	181,400	0.43
21	Tey Ghee Kian	155,000	0.37
22	Yong Sau Leng	146,000	0.35
23	Ihsan Bin Osman	126,600	0.30
24	Abdul Halim Bin Ismail	106,400	0.25
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Huat (E-TAI)	102,300	0.24
26	Leau Kim Pun @ Liau Kim Pun	98,000	0.23
27	Abdul Aziz Al-Akbar Bin Mohamed Noor	95,500	0.23
28	Wan Hisham Bin Wan Hamzah	94,000	0.22
29	Rafeah Binti Jaafar	93,000	0.22
30	Farhan Bin Abdul Halim	90,000	0.21
		34,089,598	81.17

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MESB BERHAD
(3 3 7 5 5 4 - D)

PROXY FORM

CDS Account No.	
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-Second 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, 27 September 2017 at 9.30 a.m. and at any adjournment thereof.

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

Item	Agenda			
	Ordinary Business	**Resolution**	**For**	**Against**
1.	To re-elect Saffie Bin Bakar as a Director.	1		
2.	To re-elect Chua Jin Kau as a Director.	2		
3.	To approve the Directors' fees in respect of the financial year ended 31 March 2017.	3		
4.	To approve the payment of Meeting Attendance Allowance to the Non-Executive Directors of the Company for the financial period from 1 February 2017 until the next Annual General Meeting.	4		
5.	To re-appoint the Auditors of the Company.	5		
	Special Business			
6.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.	6		
7.	Proposed New Shareholders' Mandate for RRPT of a Revenue or Trading Nature.	7		
8.	Continuing in Office as Independent Non-Executive Director - Encik Saffie Bin Bakar.	8		
9.	Authority to Issue Shares and Allot shares.	9		

Dated this day of 2017

....

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.

*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. 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 19 September 2017.

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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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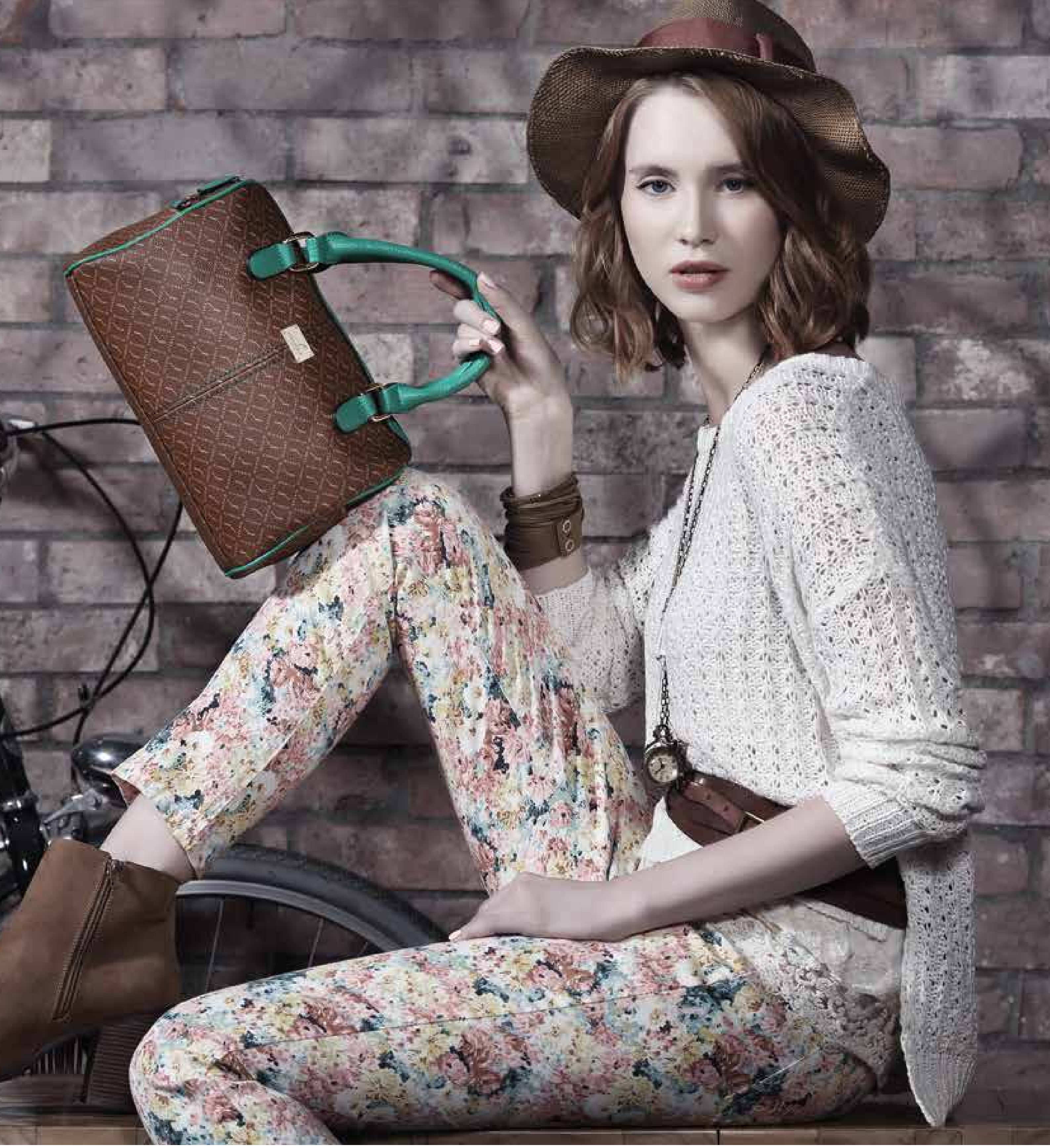

MESB
BERHAD
337554-D

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