REX INDUSTRY BHD.

ANNUAL REPORT 2017


cinta
SARDINE
AQUA-S
Rexcoco
Lychee
Soya Milk
Rexberry
Rexberry Sparkling

CONTENTS

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Third ("**23rd**") Annual General Meeting ("**AGM**") of Rex Industry Berhad will be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No.11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Thursday, 30 November 2017 at 10:00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon.	(Please refer to the Notes to the Notice of 23rd AGM No. 1)
2.	To approve the payment of Directors' fees of RM249,600 for the financial year ended 30 June 2017.	(Resolution 1)
3.	To approve the payment of Directors' fees for the financial year ending 30 June 2018 and thereafter.	(Resolution 2)
4.	To approve the payment of Directors' benefits up to an amount of RM100,000 from 31 January 2017 until the next AGM of the Company.	(Resolution 3)
5.	To re-elect Mr. Darmendran Kunaretnam, who is retiring in accordance with Article 64 of the Company's Articles of Association and being eligible, had offered himself for re-election.	(Resolution 4)
6.	To re-appoint Tan Sri Dato' Ibrahim bin Mohd Zain as a Director of the Company.	(Resolution 5)
7.	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	(Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modification, to pass the following ordinary resolutions:-

8. **ORDINARY RESOLUTION NO. 1 - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** (Resolution 7)

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. **ORDINARY RESOLUTION NO. 2** (Resolution 8)
- PROPOSED RENEWAL OF EXISTING SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholder Mandate for the Company and its subsidiaries ("**the Group**") to enter into and to give effect to the category of the recurrent transactions of a revenue or trading nature from time to time with the Related Party as specified in Section 2.5 of the Circular to Shareholders dated 31 October 2017, provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the Company's day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) not to the detriment of minority shareholders,

(the "**Mandate**");

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND FURTHER THAT the Directors be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

10. To consider any other business for which due notice shall have been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Yeow Sze Min (MAICSA 7065735)
Company Secretaries

Date: 31 October 2017

Explanatory Notes to Special Business:

1. **Authority to issue shares pursuant to the Companies Act 2016**

   The Company wishes to renew the mandate on the authority granted to the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the 23rd AGM of the Company (hereinafter referred to as the "**2017 General Mandate**").

   The Company had been granted a general mandate by its shareholders at the Twenty-Second AGM of the Company held on 23 September 2016 (hereinafter referred to as the "**Previous Mandate**").

   As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilised and hence, no proceed was raised therefrom.

   The 2017 General Mandate will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time as the Directors may deem fit, without incurring any further cost to convene a separate general meeting to approve such authority. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

2. **Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (hereinafter referred to as "**the Proposal**")

   The Proposal will enable the Company and its subsidiaries ("**the Group**") to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular to Shareholders dated 31 October 2017 for further information.

Notes to the Notice of the 23rd AGM:-

1. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.

2. For the proxy to be valid, the proxy form, duly completed and signed, must be deposited at the Company's Registered Office at Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

3. A member shall be entitled to appoint up to two (2) proxies to exercise all or any of his rights to attend, participate, speak and vote at the same Meeting. Where a member appoints two (2) proxies, the proportions of his shareholdings to be represented by each proxy must be specified in order for the appointments to be valid.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act,1991 ("**SICDA**") it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an additional nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under either seal or under the hand of an officer or attorney duly authorised.

7. For purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 78(3) of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting and Record of Depositors ("**ROD**") as at 24 November 2017 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Corporate Information

BOARD OF DIRECTORS

- Tan Sri Dato' Mohd Ibrahim bin Mohd Zain - CHAIRMAN
- Darmendran Kunaretnam
- Mohd Faisal Izan bin Abdul Latiff
- Chee Cheng Chun
- Tai Keat Chai

COMPANY SECRETARIES

- Chua Siew Chuan (MAICSA 0777689)
- Yeow Sze Min (MAICSA 7065735)

AUDIT COMMITTEE

- Tai Keat Chai - CHAIRMAN
- Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
- Mohd Faisal Izan bin Abdul Latiff

REMUNERATION COMMITTEE

- Darmendran Kunaretnam - CHAIRMAN
- Mohd Faisal Izan bin Abdul Latiff
- Chee Cheng Chun

NOMINATION COMMITTEE

- Mohd Faisal Izan bin Abdul Latiff - CHAIRMAN
- Chee Cheng Chun
- Tai Keat Chai

AUDITORS

- Messrs. Moore Stephens Associates PLT

BANKERS

- HSBC Bank Malaysia Berhad
- Alliance Bank Malaysia Berhad
- Malayan Banking Berhad
- United Oversea Bank (Malaysia) Berhad
- Hong Leong Bank Berhad

SOLICITORS

- Johan Arafat Hamzah & Mona

REGISTERED OFFICE

Plot 125, Jalan Perindustrian Bukit Minyak 5,
14100 Simpang Ampat,
Seberang Perai Tengah, Penang, Malaysia.
Tel : 604 5088 288
Fax : 604 5088 566

REGISTRARS

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.
Tel : 603 2084 9000
Fax : 603 2094 9940

STOCK EXCHANGE LISTING

- Main Market of the Bursa Malaysia Securities Berhad

Profile Of Directors

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
Independent Non-Executive Director, Chairman

Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, aged 74, a Malaysian, male, is the Chairman of the Board and a member of the Audit Committee. He was appointed to the Board of the Company on 30 June 2014.

Tan Sri Dato' Mohd Ibrahim is a graduate from the British Institute of Management and Institute of Marketing, United Kingdom, and holds a Masters in Business Administration from the University of Ohio in the United States of America.

Upon Tan Sri Dato' Mohd Ibrahim's graduation in 1965, he joined University Technology MARA (formerly known as Institute of Technology MARA) as a lecturer and headed its school of business and then as dean of academic. He was appointed as a Council member/Director, a position which he held until October 2006.

Previously, Tan Sri Dato' Mohd Ibrahim had served as Chief Executive Officer of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and as Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysia Industries Berhad, Pan Malaysian Holdings Berhad, Pan Malaysia Capital Berhad, Chemical Company of Malaysia Berhad and Kawan Food Berhad, Deputy Chairman of Metrojaya Berhad and Director of K & N Kenanga Holdings Berhad and AMMB Holdings Berhad respectively.

Currently, Tan Sri Dato' Mohd Ibrahim's directorships in other public companies and listed corporations include Censof Holdings Berhad and Brahims Holdings Berhad.

Tan Sri Dato' Mohd Ibrahim attended all five (5) Board Meetings held during the financial year ended 30 June 2017.

Darmendran Kunaretnam
Non-Independent Executive Director

Mr. Darmendran Kunaretnam, aged 56, a Malaysian, male, was appointed to the Board of the Company and as the Group Managing Director on 3 March 2015. He is also the Chairman of the Remuneration Committee.

Mr. Darmendran graduated from Universiti Kebangsaan Malaysia with a Business Degree majoring in Accounting. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He spent ten (10) years as a Group Manager in the Audit Division of an international public accounting firm from 1985 to 1995.

Mr. Darmendran joined Gold Bridge Engineering & Construction Berhad ("**Gold Bridge**") as the General Manager of Finance and Corporate Planning Division in 1996 and successfully listed Gold Bridge on the Main Market of Bursa Malaysia Securities Berhad. He went on to restructure and list Safeguards Corporation Berhad ("**Safeguards**") on Bursa Malaysia Securities Berhad in June 1997. He was at later appointed to the Board of Safeguards in August 1997. In year 2007, he together with his partner took Safeguards privatised.

Subsequently, Mr. Darmendran was appointed as the Chief Financial Officer for Kejuruteraan Samudra Timur Berhad ("**KSTB**") and its group of subsidiaries prior to being appointed to the Board of KSTB as a Non-Executive Director on 26 February 2009. He was redesignated as Executive Director on 24 August 2009 and continues to hold this position till present. Currently, the only directorship of Mr. Darmendran in other public companies and listed corporations is KSTB, which was delisted on 27 December 2016.

Mr. Darmendran attended all five (5) Board Meetings held during the financial year ended 30 June 2017.

Mohd Faisal Izan bin Abdul Latiff
Independent Non-Executive Director

Encik Mohd Faisal Izan bin Abdul Latiff, aged 45, a Malaysian, male, was appointed to the Board of the Company on 22 April 1996. He was appointed as the Independent Non-Executive Chairman of the Company from 28 November 2013 to 30 June 2014 prior to his redesignation. He is the Chairman of the Nomination Committee, and a member of the Remuneration Committee and the Audit Committee.

Encik Mohd Faisal Izan graduated from United Kingdom with a Bachelor of Accounting and Management Control. He is currently an executive director in several private limited companies. He does not hold any directorship in other public companies and listed corporations.

Encik Mohd Faisal Izan attended all five (5) Board Meetings held during the financial year ended 30 June 2017.

Chee Cheng Chun
Non-Independent Non-Executive Director

Mr. Chee Cheng Chun, aged 33, a Malaysian, male, was appointed to the Board of the Company on 3 March 2015. He is a member of the Nomination Committee and the Remuneration Committee.

Mr. Chee graduated from Imperial College, London with a Master of Engineering in Aeronautical Engineering. He worked as Business Development Manager in KSTB before he was appointed to the Board of KSTB. Currently, the only directorship of Mr. Chee in other public companies and listed corporations is KSTB, which was delisted on 27 December 2016.

Mr. Chee attended all five (5) Board Meetings held during the financial year ended 30 June 2017.

Tai Keat Chai
Independent Non-Executive Director

Mr. Tai Keat Chai, aged 63, a Malaysian, male, was appointed to the Board of the Company on 6 March 2015. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Tai is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He began his career with KPMG in London and PWC in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad for seven (7) years before venturing into stock-broking, working with SJ Securities Sdn. Bhd., AA Anthony Securities Sdn. Bhd. and Kenanga Investment Bank Berhad as General Manager, Director and dealer's representative respectively.

Currently, Mr. Tai is holding the directorships in four (4) other public listed companies and listed corporations, namely, Marine & General Berhad (formerly knowns as Silk Holdings Berhad), Omesti Berhad, Microlink Solutions Berhad and MIDF Amanah Asset Management Berhad.

Mr. Tai attended all five (5) Board Meetings held during the financial year ended 30 June 2017.

Notes:

- None of the Directors have conflicts of interest with the Company and have family relationships with any other Director or Major Shareholder of the Company.
- All Directors have not been convicted for any offences within the past five (5) years other than traffic offences (if any) and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2017.
- There was no material contract entered into by the Group involving Directors and Major Shareholders of the Company.
- The details of each Directors' interest in the securities of the Company are disclosed in the Analysis of Shareholdings on page 38 of this Annual Report.

Profile Of Key Senior Management

Sandra Lim Geik Fong
Chief Financial Officer

Ms. Sandra Lim Geik Fong, aged 43, a Malaysian, female, was appointed as the Chief Financial Officer of the Company on 1 September 2014.

Ms. Sandra is a Chartered Accountant of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants, United Kingdom.

She started her career as auditor in an audit firm. She joined the Company in 1999 as an Assistant Accountant and assumed various positions in Finance with increasing responsibilities until her promotion as the Group Accountant, a position she held since January 2001. Subsequently, Ms. Sandra was promoted as the Chief Financial Officer with effect from 1 September 2014.

Ms. Sandra does not hold any directorship in other public companies and listed corporations.

Chong Heng Loon
General Manager – Production, Research and Development

Mr. Chong Heng Loon, aged 47, a Malaysian, male, is the General Manager of Manufacturing Division of Rex Canning Co. Sdn. Bhd. a subsidiary of the Company. He joined the Company in 2015. He had more than twenty (20) years of experiences in the bakery industry. He was trained by Baking Science and Technology in Thailand.

Prior to joining the Company, he was with Standard Confectionery Sdn. Bhd. for fourteen (14) years where he started his career as a Quality Assurance Manager and worked his way to be General Manager of the Manufacturing Division.

Mr. Chong does not hold any directorship in other public companies and listed corporations.

Nicky Ng Voon Tiak
General Manager – Sales and Marketing

Mr. Nicky Ng Voon Tiak, age 50, a Malaysian, male, is the General Manager for the Sales & Marketing division of Rex Canning Co. Sdn. Bhd. Mr. Nicky graduated from University of Adelaide (major in Economics) and attended MIM (business management) to enhance his knowledge in sales and marketing. He joined the company in 2017, had more than twenty-two (22) years of experience in FMCG industry mainly consumables, food and beverages (for local and export market).

Prior to joining the Company, he started his career with the companies such as, Canon, Marigold, Yakult and Spritzer.

Mr. Nicky does not hold any directorship in other public companies and listed corporations.

Chu Seang Ming
General Manager of P.T. Rex Canning, Indonesia

Mr. Chu Seang Ming, aged 50, a Malaysian, male, was appointed as General Manager at P.T. Rex Canning on 1 May 1998.

Mr. Chu started his career with a frozen food manufacturer based in Perak as a Factory Quality Controller where he was under took in plant as laboratory quality control tasks for frozen shrimps processing.

In 1990, he joined Rex Canning Co. Sdn. Bhd. as the Quality Control Supervisor. He then moved to P.T. Rex Canning in 1992 held position as the Quality Control Manager. From 1997 to 1998, Mr. Chu was tasked with establishing and setting up new processing plant and operations for the Rex Group in People's Republic of China in his capacity as General Manager for Jie Yang Rex Foods Ltd. Co, and he was returned to P.T. Rex Canning in 1998 and is currently in charge of the general management of P.T. Rex Canning. He holds a Master of Business Administration, Marketing from Washington International University. He also holds various certifications included Indonesia Fishery Department – QMP & HACCP Program (1994), FDA/USDA Better Process Control School, Indonesia (1995), NOAA – Seafood Sensory Program, USA (2000) and HACCP Program SGS, Indonesia (2000).

Mr. Chu does not hold any directorship in other public companies and listed corporations.

Chris Kong Wai Fa
General Manager - Procurement, Logistic and Warehouse

Ms. Chris Kong Wai Fa, age 53, a Malaysian, female, was appointed as General Manager of Procurement, Logistic and Warehouse of the Company on 1 June 2016.

She started her career in a logistic business in 1983 from Finance, working her way up to Operations, Sales and eventually become the Chief Executive Officer of a logistic company involved in land, sea, air transport, forwarding and warehousing.

Ms. Chris does not hold any directorship in other public companies and listed corporations.

Notes:

- None of the key senior management have conflicts of interests within the Company and have any family relationships with any other Director or Major Shareholder of the Company.
- All the key senior management have not been convicted for any offences within the past five (5) years other than traffic offences (if any) and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2017.

The Board of Directors of Rex Industry Berhad (“**Rex**” or “**the Company**”) (“**the Board**”) recognises the importance of practising high standards of corporate governance in the best interest of Rex and its stakeholders, and to protect and enhance shareholder’s value and the performance of the Group. The Board understands that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board is committed in promoting and achieving high standards of corporate governance that is in line with the Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”) by applying the Principles set out in the MCCG 2012 to its particular circumstances, having regard to the Recommendations stated under each Principle. The Board provides this narrative statement with reference to the MCCG 2012 as required under paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**MainLR**”) to provide insights into Rex’s corporate governance practices under the stewardship of the Board, throughout the financial year ended 30 June 2017 (“**FYE 2017**”).

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Establish clear functions reserved for the Board and those delegated to Management

Board

The Board has established clear functions reserved for the Directors and those delegated to the Management. The respective roles and responsibilities of the Directors and the Management are clearly set out in the Board Charter. This allocation of responsibilities reflects the dynamic nature of the relationship necessary for the Company to adapt to changing circumstances.

Key matters such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board, while a capable and experienced management team is put in charge to oversee the day-to-day operations of the Company.

The Board presently has (5) members comprising three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Directors. The individual profile of the Directors are on pages 7 to 9 of this Annual Report.

The Board is responsible for the leadership and overseeing the overall corporate objective, direction, goals, business strategies and governance system of the Group to ensure that the strategic plans of the Group are implemented on track, and accountability is monitored well, as well as to maintain proper fiscal oversight.

Board Committees

The Board has also delegated certain responsibilities to Board Committees i.e., Audit Committee (“**AC**”), Nomination Committee (“**NC**”) and Remuneration Committee (“**RC**”), which operate within clearly defined terms and reference (“**TOR**”), in assisting the Board to oversee the Company’s affairs. These TOR are reviewed as and when the need arises.

The Chairman of each Board committee reports to the Board on matters deliberated at each Board Committee meetings after the meetings and through the minutes of the Board Committee meetings, which are presented to the Board during Board meetings at the appropriate regular intervals. It is the general policy of the Company that all major decisions be considered by the Board as a whole.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.1 Establish clear functions reserved for the Board and those delegated to Management (cont'd)

Senior Management Team

The Board is also duly assisted by the Management of the Company, namely the Senior Management Team. During the FYE 2017, the Senior Management Team, apart from Mr. Darmendran Kunaretnam, the Group Managing Director, consists of senior employees holding the following positions:-

(i) Chief Financial Officer - Ms. Sandra Lim Geik Fong;
(ii) General Manager (Production, Research and Development) - Mr. Chong Heng Loon;
(iii) General Manager (Sales and Marketing) – Mr. Nicky Ng Voon Tiak;
(iv) General Manager of P.T. Rex Canning, Indonesia - Mr. Chu Seang Ming; and
(v) General Manager (Procurement, Logistic and Warehouse) - Ms. Chris Kong Wai Fa.

The individual profile of the above Senior Management Team members are on pages 10 to 11 of this Annual Report.

The principal responsibilities of the Senior Management Team are as follows:-

- Developing, coordinating and implementing business and corporate strategies for the approval of the Board;
- Implementing the policies and decisions of the Board;
- Overseeing the day-to-day operations of the Group;
- To participate in various Management committees for the effective discharge of duties and functions; and
- Relevant member(s) of the Senior Management Team will be invited to attend Board and/or Board Committees meetings to advise and furnish the Board and/or Board Committees with information, report, clarifications as and when required on the agenda items to be tabled to the Board and/or Board Committees, to enable the Board and/or Board Committees to arrive at a decision.

1.2 Establish clear roles and responsibilities of the Board in discharging its fiduciary and leadership functions

To ensure the effective discharge of functions and duties, the principal responsibilities of the Board include (but are not limited to) the following:-

(a) Reviewing and adopting a strategic plan for the Company

The Board plays an active role in reviewing the substance, effectiveness and implementation of the strategic plans for the FYE 2017 and provided guidance and inputs to the Management.

The Group Managing Director would brief the Board on the implementation of the business plan and the Management's strategy for the Group and/or any change in the business plan and strategy to adapt to the fast changing business environment, at each Board meeting, and as and when the need arises. The Board reviews this and deliberates to come to an agreement on the business plan and strategy for the Group, and any changes thereto.

The Board comprises highly respectable and professional persons that represents a diverse background of knowledge, expertise and experience. With the Directors' combined experience and knowledge, sound advice and judgement were available for the benefit of the Company and its shareholders.

In addition, as the non-executive board members are not involved in the day-to-day management of the Company's business, the Board as a whole is able to bring about objective judgements and advice drawing from their respective knowledge, expertise and experience, and ensure that the management has taken into account all appropriate considerations in establishing any strategic plans for the Company and the Group.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.2 Establish clear roles and responsibilities of the Board in discharging its fiduciary and leadership functions (cont'd)

(b) Overseeing the conduct of the Company's business

The Senior Management Team is accountable for the day-to-day management of the business and operations of the Group.

The Group Managing Director monitors the performance of the Company's business and the management on a regular basis and is tasked to update the Board periodically on all matters that may materially affect the Group and its business, including:-

- Management's recommendations on key acquisitions and divestments, restructuring, funding and significant capital expenditure
- The Group's financial performance
- The Group's latest business developments

(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls.

The Board has delegated the implementation and monitoring of the internal control system to the Management, and the AC has also been entrusted by the Board to identify, evaluate, monitor and manage any relevant major risk faced by the Group so that the Group will achieve its business objectives.

The proposal for the formation of a formal Risk Management Committee to discharge the risk management function had been discussed in the Board meeting held on 7 February 2017. The Management was working on the same and discussing with the Internal Auditors on the risk profile assessment of the Company.

(d) Succession planning

The Board, through the NC, is responsible to review Board succession planning.

As for the succession of key senior management positions, the Board has in place a Succession Planning Policy for the Group to ensure the Group's continuity in leadership for all key positions. The Board recognises that succession planning is an ongoing process designed to ensure that the Company identifies and develops a talent pool of employees through mentoring, training and job rotation to replace key business leaders within the Group as those key business leaders would leage their positions one day. The Board would periodically review the Succession Planning Policy as and when required.

(e) Overseeing the development and implementation of a shareholder communications policy for the Company

The Board strives to ensure there are regular communications with all its shareholders, regardless of individual or institutional investors, and wider stakeholders. It ensures that timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.

The information of the Company can be obtained by accessing the Company's website at www.rexmalaysia.com. Shareholders and investors are also able to access the latest corporate, financial and market information of the Company via Bursa Malaysia Berhad's website at www.bursamalaysia.com.

Shareholders may also communicate with the Company on investor relation matters by emailing rex@rex.net.my or post their enquiries to the Company through the Company's web enquiry form on its website. The Company's Investor Relations team will endeavour to reply to these enquiries in the shortest possible time.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.2 Establish clear roles and responsibilities of the Board in discharging its fiduciary and leadership functions (cont'd)

(f) Reviewing the adequacy and the integrity of the management information and internal control system of the Company

The Board has established key control processes to ensure there is a sound framework of reporting on internal controls and regulatory compliance. Further details on this are available in the Statement on Internal Control and Risk Management contained in this Annual Report.

1.3 Establish ethical standards through a code of conduct and code of ethics and ensuring their compliances

The Board recognises the importance of promoting and enforcing ethical standards throughout the Group.

The Group has in place a Code of Conduct and Code of Ethics ("**Codes**") that are applicable to the Board, the Management and the employees of the Group. This includes areas concerning human rights, health and safety, environment, gifts and business courtesies, Company records and internal controls, Company assets, exclusive service, integrity and professionalism, personal appearance, confidential information and compliance obligations. The Codes are expected to govern the standards of ethics and good conduct expected of Directors and employees of the Group.

Whistleblowing policy

While there is no formalised whistleblowing policy, Directors and employees shall report any practices or actions believed to be inappropriate, illegal or unethical, in view of the nature of the reported matter, directly to their respective higher levers (i.e., supervisors, managers, head of divisions, head of human resources and/or independent Directors).

1.4 Ensuring the Company's strategies promote sustainability

The Board recognises the importance of its corporate and social responsibility whilst pursuing its corporate goals.

The Board has adopted the Sustainability Policy encompassing all aspects of ethical business practices addressing relevant Environment, Social and Governance (ESG) issues that would underpin the sustainability as well as future success of the Group.

1.5 Allowing Board members access to information and advice

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the Management in a timely manner in order for the Board to discharge its responsibilities.

The formal agenda for the Board meetings, together with Board meeting papers by the Management are circulated to the Board prior to each Board meetings. This is to ensure that the Directors are well informed of the matters to be discussed and deliberated in advance of Board meetings in order to facilitate an effective conduct of Board meetings.

The Board may seek independent professional advice on specific legal, financial, governance or other expert advice matters from third parties at any time at the Company's expense in furtherance of its duties. Wherever necessary, consultants and experts are invited to brief the Board on their areas of expertise or their reports.

For the FYE 2017, the Board sought advices from the external company secretaries, the external auditors and the advisers on the proposals in relation to the Disposal of Jie Yang Rex Foods Co. Ltd. and the Conditional Mandatory Take-Over Offer from RHB Investment Bank Berhad on behalf of Daiman Taipan Sdn Bhd, both of which had been completed.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

1.6 Ensuring the Board is supported by a suitably qualified and competent company secretary

The Company is supported by two (2) suitably qualified and competent company secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 139A(a) of the Companies Act 1965 or Section 235(2)(a) of the Companies Act 2016 and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("**MAICSA**"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries support the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the MainLR, the Company's Memorandum and Articles of Association, the MCCG 2012 and MCCG 2017, Board adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances, as and when necessary.

At least one (1) Company Secretary attends all Board and Board committee meetings, the Twenty-Second Annual General Meeting ("**AGM**") ("**22nd AGM**") and the Extraordinary General Meeting during the FYE 2017. All deliberations at the said meetings are well minuted for the Board's reference and for action plans to be communicated to the Management to work on and to report back to the Board. The Board is also updated on the Directors' Resolutions in Writing passed, Directors' dealings pursuant to Chapter 14 of the MainLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the FYE 2017. The Company Secretaries also update the Board on changes in the regulatory requirements.

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing chartered secretaries.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.

1.7 Board Charter

The Board Charter adopted by the Board sets out the Board's strategic intent and outlines the Board's roles and responsibilities, providing insights and guidance to the Board and the Management as well as the Board Committees concerning their division of responsibilities, power and processes, procedures for convening Board meetings and other compliances.

The Board Charter entails the following:-

a) Appendix A – Formal schedule of matters
b) Appendix B – Discretionary authority limits
c) Appendix C – TOR of AC
d) Appendix D – TOR of NC
e) Appendix E – TOR of RC
f) Appendix F – Corporate disclosure policies and procedures
g) Appendix G – Directors' remuneration policy
h) Appendix H – Code of conduct
i) Appendix I – Code of ethics
j) Appendix J – Succession planning policy
k) Appendix K – Directors' assessment policy
l) Appendix L – Sustainability policy
m) Appendix M – Related party transaction policy
n) Appendix N – Insider trading policy

The Board Charter will be made available on the website soon.

PRINCIPLE 2: STRENGTHEN COMPOSITION

2.1 NC

The NC was set up with clearly defined TOR, and comprises two (2) Independent Non-Executive Directors and (1) Non-Independent Non-Executive Director as follows:-

Name	Designation	Directorship
Mohd Faisal Izan bin Abdul Latiff	Chairman	Independent Non-Executive Director
Tai Keat Chai	Member	Independent Non-Executive Director
Chee Cheng Chun	Member	Non-Independent Non-Executive Director

The NC is empowered by the Board to assess new candidates to the Board, if necessary, and to review the structure, size and composition of the Board. The NC is satisfied with the size of the Company's Board and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board during the FYE 2017.

During the FYE 2017, the NC had met once on 15 August 2016 and performed the following activities in the discharge of its duties:-

- Recommended the renewal of the service contract agreement of the Group Managing Director
- Recommended the re-election of the retiring Directors who are to retire by rotation at the 22nd AGM
- Recommended the re-appointment of the Director who is over the age of seventy (70) to hold office until the conclusion of the next AGM
- Assessed the independence of the Independent Directors of the Company
- Recommended the retention of an Independent Director pursuant to Recommendation 3.3 of the MCCG 2012
- Reviewed and recommended the evaluation papers to the Board for adoption
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director through a comprehensive assessment system
- Evaluated the performance of the Board and the Board committees
- Recommended the renewal of the term of office of AC members

The TOR of the NC is published on the Company's website at www.rexmalaysia.com.

2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors

Recruitment and assessment of Directors

The appointment of Directors is under the purview of the NC, which is to assist the Board on all new Board and Board Committees' appointments and to provide a formal and transparent procedure for such appointments including obtaining a commitment from the candidate that sufficient time will be devoted to carry out his responsibilities as a Director.

In the selection process, the NC and the Board do not set any target on gender, ethnicity or age diversity but endeavour to include any member who will improve the Board's overall compositional balance in the Company's best interest.

The NC reviews candidates for appointment as Directors based on the following criteria:-

- skills, knowledge, expertise and experience
- professionalism
- integrity
- competencies, commitment, contribution and performance
- in the case of candidates for the position of Independent Non-Executive Directors, the NC would also evaluate the candidates' ability to discharge such responsibilities, functions as expected from Independent Non-Executive Directors

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors (cont'd)

Recruitment and assessment of Directors *(cont'd)*

In its review of the potential candidates, the NC would also consider the following additional criteria:-

- prevailing government policies such as gender diversity
- overall composition of the Board
- Board dynamics
- the combination of skills possessed by existing Directors to ensure the selected candidate would help close any possible gaps in the Board
- financial health of the Group.

All newly appointed Directors will go through a Board induction, followed by a series of the necessary training programmes, including the Mandatory Accreditation Programme mandated by the MainLR, where required.

During the FYE 2017, no new Director was appointed to the Board.

The Directors' Assessment Policy adopted by the Board sets out the criteria and procedures as guidance to be used in assessing and monitoring the performances of the Board and Board Committees and Group Managing Director during the FYE 2017.

Annual assessments of Directors are based on a comprehensive assessment system, which commences with the completion of a set of comprehensive self and peer assessment forms detailing all assessment criteria to be completed individually by all Directors in advance. During the FYE 2017, the completed forms were submitted to the Company Secretaries, who tabulated the results for tabling at the NC meeting held on 15 August 2016.

During the same meeting, the NC also discussed the contribution and performance of each individual Director and the performance of the Board and Board committees as a whole. Criteria for the assessment of the performance of the Board and Board committees covered composition, processes, accountability as well as the fulfilment of duties.

The attendance of Directors who are members of Board committees during the FYE 2017 is set out below:-

Director	Designation	AC	NC	RC
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	Independent Non-Executive Director	5/5	Not member	Not member
Tai Keat Chai	Independent Non-Executive Director	5/5	1/1	Not member
Mohd Faisal Izan bin Abdul Latiff	Independent Non-Executive Director	5/5	1/1	1/1
Chee Cheng Chun	Non-Independent Non-Executive Director	Not member	1/1	1/1
Darmendran Kunaretnam	Group Managing Director	Not member	Not member	1/1

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors (cont'd)

Gender, ethnicity and age diversity

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness to thrive in good times and weather through tough times. Female representation will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aims of selecting the best candidate to support the achievement of the Company's strategic objectives.

Currently, the Board does not have any gender, ethnicity and diversity policies. The NC does not set any target on gender, ethnicity and age diversity but would endeavour to recommend any right person who will improve the Board's overall composition balance, as and when required. Also, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any gender, ethnicity or age bias.

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.

2.3 Establish formal and transparent remuneration policies

The RC was set up with clearly defined TOR, and comprises one (1) Non-Independent Executive Director, one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director as follows:-

Name	Designation	Directorship
Darmendran Kunaretnam	Chairman	Non-Independent Executive Director
Mohd Faisal Izan bin Abdul Latiff	Member	Independent Non-Executive Director
Chee Cheng Chun	Member	Non-Independent Non-Executive Director

As fair remuneration is critical to attract, retain and motivate Directors, the RC reviews all proposed remuneration packages with regards to each Director's role, responsibility, and expertise, taking into consideration also the complexity of the Company's activities, performance of the Group, industry average and a study of companies in the same industry with similar market capitalisation.

The Directors' Remuneration Policy adopted by the Board provides guidance in recommending the remuneration package of the Group Managing Director and Key Senior Management (if so necessary).

The RC reviews the remuneration packages of the Directors and Group Managing Director, to ensure their remuneration is sufficiently attractive and is able to retain and motivate them to run the Company successfully.

During the FYE 2017, the RC had met twice on 15 August 2016 and 7 February 2017 to discuss the following matters in the discharge of its duties:-

- Recommended the Directors' fees to the Board for recommendation to the shareholders for approval
- Recommended the remuneration package of the Group Managing Director to the Board for approval
- Reviewed the revision to the remuneration package and the bonus payment of the Group Managing Director

The Company is required to disclose the remuneration of the Directors of the Company (including the remuneration for services rendered to the Company as a group) for the FYE 2017, stating the amount received from the Company and the amount received on a group basis respectively.

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

2.3 Establish formal and transparent remuneration policies (cont'd)

The aggregate remuneration paid to the Executive Directors and Non-Executive Directors of the Company are as follows:-

Directors' Remuneration	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Company		
Directors' fees	-	250
Salaries and other emoluments	-	-
Bonuses and commission	-	-
Statutory contribution	-	-
Benefits-in-kind	-	-
	-	250
Group		
Directors' fees	-	-
Salaries and other emoluments	1,448	-
Bonuses and commission	408	-
Statutory contribution	164	-
Benefits-in-kind	-	-
	2,020	-

The number of Executive Directors and Non-Executive Directors of the Company whose remuneration falls within the following bands of RM50,000 is as set out below:-

Band of Remuneration	Number of Directors Executive (RM'000)	Non-Executive (RM'000)
Company		
Below RM50,000	-	3
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM350,001 to RM400,000	-	-
RM850,001 to RM900,000	-	-
RM1,700,000 to RM1,750,000	-	-
	-	4
Group		
Below RM50,000	-	3
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM350,001 to RM400,000	-	-
RM850,001 to RM900,000	1	-
RM1,700,000 to RM1,750,000	-	-
	1	4

PRINCIPLE 3: REINFORCE INDEPENDENCE

3.1 Undertake an assessment of the Independent Directors annually

The Independent Directors are independent of management and free from any business relationship that could materially interfere with their independent judgement. Their role is to provide independent views, advice and judgement to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders.

The Board through the NC has set out the criteria to assess and ensure the effectiveness of the Independent Directors on the Board, prior to their appointments, annually and when any new interest or relationship develops. The Board assesses the independence of the Independent Directors annually, taking into account the following in ensuring that the Independent Directors are able to contribute to the effective functioning of the Board:-

- fulfillment of the definition of an independent director as set out in Paragraph 1.01 of the MainLR
- ability to exercise independent judgement and act in the best interests of the Company
- potential conflicts of interest with regards to any contracts or transactions with the Group
- significant personal or social relationship with the Management or major shareholders (including their family members) other than those on a professional level consistent with their duties and generally expected of them
- derivation of other remuneration and benefits apart from Directors' fees and meeting allowances

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring in an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of business performances. The Independent Directors comprise individuals with vast experience in banking, finance and law.

The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the FYE 2017.

3.2 Tenure of Independent Director

The Board recognises that the purpose of appointing Independent Directors is to ensure that the Board includes Directors who can effectively exercise their independent and objective judgement during the Board's deliberations and during decision-making of the Board and the Board Committees. The Board also takes cognizance of Recommendation 3.2 of the MCCG 2012, which stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, and that upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his redesignation as a Non-Independent Director.

Encik Mohd Faisal Izan bin Abdul Latiff, an Independent Director, had served on the Board for more than nine (9) years. As such, the Board had sought shareholders' approval at the preceding 22nd AGM held on 23 September 2016 to retain him as an independent director. The shareholders had approved the retention.

3.3 Separation of positions of the Chairman and Group Managing Director

The Board recognises the importance of having a clearly accepted division of power, responsibilities and roles of the Chairman and Managing Director to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

PRINCIPLE 3: REINFORCE INDEPENDENCE (cont'd)

3.3 Separation of positions of the Chairman and Group Managing Director (cont'd)

The positions of the Chairman and Group Managing Director are held by two different individuals. Tan Sri Dato' Mohd Ibrahim bin Mohd Zain, the Independent Non-Executive Chairman is primarily responsible for the achievement of the Group's strategic vision and also for leading the Board in the oversight of management, while Mr. Darmendarn Kunaretnam, the Group Managing Director oversees the business operations and day-to-day management of the Group and the implementation of the Board's decisions.

Recommendation 3.4 of the MCCG 2012 has been duly complied with by the Company with the separation of the position of the Chairman and Group Managing Director.

3.4 Composition of the Board where Chairman of the Board is not an Independent Director

The Chairman of the Board is an Independent Director. Nonetheless, the Board still comprised a majority of Independent Directors.

PRINCIPLE 4: FOSTER COMMITMENT

4.1 Set expectations on time commitment and protocols for accepting new directorships

Board members are expected to devote sufficient time and attention to the affairs of the Company to effectively discharge their duties as Directors of the Company, and to use their best endeavour to attend meetings.

Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his duty as a Director of the Company. Each Board member is expected to achieve at least fifty (50%) attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman of the Board and/or Company Secretary, where applicable.

During the FYE 2017, the Board met five (5) times. The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings as set out in the table below:-

Name of Director	Attendance during tenure in office
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	5/5
Tai Keat Chai	5/5
Mohd Faisal Izan bin Abdul Latiff	5/5
Chee Cheng Chun	5/5
Darmendran Kunaretnam	5/5
Lee Siew Keng *(retired on 23 September 2016)*	1/1
Lee Soo Keat *(resigned on 24 May 2017)*	2/4

None of the Directors have directorships in public listed companies that exceed the maximum limit of five (5) directorships.

PRINCIPLE 4: FOSTER COMMITMENT (cont'd)

4.2 Access to appropriate continuing education programmes

The Board empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

The Board also encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as directors in discharging their responsibilities towards corporate governance, and operational and regulatory issues. The Directors are also briefed by the Company Secretaries on the latest letters and circulars issued by Bursa Malaysia Berhad at every scheduled Board meetings.

The trainings and/or courses attended by each Director during the FYE 2017 are as follows:-

Name of Directors	Training/Courses Attended
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	Board Chairman Series Part 2: "Leadership Excellence from the Chair"
Tai Keat Chai	Cyber Risk: Addressing the Emerging Trends
Mohd Faisal Izan bin Abdul Latiff	Goods and Services Tax (To recap and Recent Development)
Chee Cheng Chun	Goods and Services Tax and Tax Briefing
Darmendran Kunaretnam	Management Development Program

All the Directors of the Company have attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 The AC should ensure financial statements comply with applicable financial reporting standards

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a fair and balance view and assessment of the Company's financial position, performance and prospects and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable accounting standards in Malaysia.

The AC assists the Board in reviewing and scrutinising the information for disclosure are accurate, adequate and complete. The AC reviews all financial reports in advance and deliberates on them at length during AC meetings to ensure they present a true and fair view of the financial position of the Group before recommending them to the Board for review and approval.

5.2 Policies and procedures to assess the suitability and independence of external auditors

The AC undertakes an annual assessment of the suitability and independence of the external auditors based on the following key factors:-

- the adequacy of the experience and resources of the audit firm
- the persons assigned to the audit
- the audit firm's audit engagements
- the size and complexity of the Group being audited
- the number and experience of supervisory and professional staff assigned to the particular audit
- the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan
- the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the external auditors

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS (cont'd)

5.2 Policies and procedures to assess the suitability and independence of external auditors (cont'd)

On 15 August 2016, the AC collectively went through and completed the External Auditors' Evaluation Form adopted by the Company. The AC was of the view that Messrs. Moore Stephens Associates PLT ("**Moore Stephens**") is suitable and independent to be re-appointed for the FYE 2017 based on the following:-

- Moore Stephens' communication with the AC
- Moore Stephens had provided the necessary quality of service required, and professionally
- Moore Stephens had sufficient resources to carry out the audit
- Moore Stephens' independence policies and procedure are in order i.e., declaration of independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants

On 15 August 2016, the AC established a policy governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors whereby all engagements with the external auditors to provide non-audit services that not more than 50% of the Group audit fees and any fees in excess of this threshold would require approval from the Board.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

6.1 Establish a sound framework to manage risks

The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the AC, the external auditors and the internal auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

Information on the Company's risk management framework and internal control system is presented in the Statement on Risk Management and Internal Control of this Annual Report.

6.2 Establish an internal audit function that reports directly to the AC

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Company's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Company has appointed an independent professional service provider namely, Finfield Corporate Services Sdn. Bhd., to carry out the internal audit function. The outsourced Internal Auditors report directly to the AC providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the AC, assurance of the effectiveness of the system of internal control in the Group.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Ensure the Company has appropriate corporate disclosure policies and procedures

The Board recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations.

The Company has in place Corporate Disclosure Policies and Procedures and the Board is committed to ensure communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (cont'd)

7.1 Ensure the Company has appropriate corporate disclosure policies and procedures (cont'd)

The Board is also mindful that information which is expected to be material must be announced immediately to Bursa Securities. All public announcements are electronically published and can be assessed at Bursa Securities' website at www.bursamalaysia.com or the Company's website at www.rexmalaysia.my.

7.2 Leverage on information technology for effective dissemination of information

The Company maintains a comprehensive website at www.rexmalaysia.my that is accessible by the public to provide all relevant information on the Group. The Company's website includes dedicated sections for investor relations, media, corporate social responsibility and corporate information.

All announcements are also made electronically via Bursa LINK in a timely manner to ensure equal and fair access to information by the investing public.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The Company communicates regularly with its shareholders and investors through annual reports, quarterly financial reports and various announcements made to Bursa Securities as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general.

Notice of the AGMs, annual reports and circulars are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to review the agenda item, to facilitate informed decision-making and make arrangements to attend the AGMs. The explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

To further promote participation of members through proxy(ies), which is in line with Paragraph 7.21A of the MainLR, the Articles of Association include the right of proxies to speak at general meetings, with no restriction as to the qualification of the proxy(ies).

8.2 Encourage poll voting

Paragraph 8.29A of the MainLR requires that any resolution set out in the notice of any general meetings, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all AGMs from 1 July 2016 onwards. The Company had conducting its voting on all resolutions at the 22nd AGM held on 23 September 2016 by manual polling and will consider electronic polling if the need arises.

8.3 Effective communication and proactive engagement

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, or individuals. This is achieved principally through annual and quarterly reports and the AGMs and timely dissemination of information on significant company developments and price sensitive information in accordance with the MainLR. All the Directors were present at the 22nd AGM of the Company held on 23 September 2016 to engage with the shareholders personally and proactively.

The Company's AGMs not only deals with the formal business of the Company, but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company presents to shareholders an overview of the Group's performance during the year at the 22nd AGM.

The results of all the resolutions set out in the Notice of the 22nd AGM were announced on the same day to Bursa Securities, and is accessible on Bursa Securities' website.

This Statement is made in accordance with a resolution of the Board of Directors passed on 28 September 2017.

Audit Committee Report

1. COMPOSITION

Tai Keat Chai	-	Chairman, Independent Non-Executive Director
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	-	Member, Independent Non-Executive Director
Mohd Faisal Izan bin Abdul Latiff	-	Member, Independent Non-Executive Director

2. MEETING ATTENDANCE

There were five (5) Audit Committee Meetings held during the financial year ended 30 June 2017. Details of the attendance of each member of the Audit Committee are as follows:

Name	Number of meetings attended
Tai Keat Chai	5 of 5
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	5 of 5
Mohd Faisal Izan bin Abdul Latiff	5 of 5

3. SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 30 June 2017, the Audit Committee carried out the following activities in the discharge of its functions and duties and in meeting its responsibilities: -

a) Reviewed and confirmed the Minutes of Audit Committee meetings;
b) Reviewed the audit findings in respect of the financial statements of the Group for the financial period ended 30 June 2016;
c) Met with the external auditors without the presence of the Executive Board Directors and management twice;
d) Reviewed the Quarterly Report for the financial quarters ended 30 June 2016, 30 September 2016, 31 December 2016 and 31 March 2017, and recommended them to the Board for approval;
e) Discussed the updates on the corporate and business developments of the Group;
f) Reviewed the audited financial statements of the Group for the financial period ended 30 June 2016 to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965, and the applicable Malaysian Financial Reporting Standards ("**MFRS**"), and recommended them to the Board for approval;
g) Reviewed the recurrent related party transactions of a revenue or trading nature ("**RRPT**"), and any conflict of interest situation that may arise within the Group, including any transaction, procedure, or course of conduct that raises the question on management integrity;
h) Reviewed the Circular to Shareholders in relation to the new shareholder mandate for RRPT that was proposed at the 2017 Annual General Meeting of the Company, and recommended the said Circular to the Board for approval;
i) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control ("**SORMIC**") for inclusion in the 2017 Annual Report, and recommended them to the Board for approval;
j) Reviewed the criteria for assessing the performance and independence of the external auditors, and recommended the same to the Board for approval;
k) Reviewed the criteria for assessing the internal audit function, and recommended the same to the Board for approval;
l) Reviewed the effectiveness and independence of the external auditors, and recommended their re-appointment to the Board to recommend the same to the shareholders for approval;
m) Reviewed and established the policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
n) Reviewed the internal audit plan for the financial year ended 30 June 2017;
o) Reviewed and approved the Audit Planning Memorandum in respect of the audit for the financial year ended 30 June 2017;

3. SUMMARY OF WORK OF THE AUDIT COMMITTEE (cont'd)

p) Reviewed and recommended the proposed audit fees in connection with the audit for the financial year ended 30 June 2017 to the Board for approval; and
q) Reviewed and approved the proposed fees in connection with the following non-audit services:-
    i. Review of the SORMIC;
    ii. Review of supplementary information on realised and unrealised profits and losses; and
    iii. Review of component auditors' working papers.

The amount of fees paid or payable in relation to audit and non-audit services rendered to the Group for the financial year ended 30 June 2017 are as follows:-

	Company RM	Group RM
Audit fees	40,000	165,990
Non-audit fees	14,000	14,000

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to a professional internal audit service provider that reports directly to the Audit Committee. The total costs incurred for the outsourced internal audit function of the Group for the financial year ended 30 June 2017 amounted to RM8,196.

The internal audit function is independent of the activities or operations of other operating units. The principal role is to undertake independent, regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the Internal Auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and their extent of compliance with the Group's established policies and procedures as well as relevant statutory requirements, and recommend necessary improvements to strengthen the system of internal control.

For the financial year ended 30 June 2017, the Internal Auditors were carrying out internal audits and review on areas deemed appropriate within the Group. The areas and scope of the review cover its operating units in Malaysia and Indonesia in relation to accounting policies, processes and procedures for procurements and payables and the Group's human resource policies, processes and procedures including remuneration, allowance and human capital related costs. The Internal Auditors identified key controls and evaluated the adequacy of the current systems and controls for managing business risks. Key controls were tested to ensure controls are operating effectively. Findings were analysed and evaluated, and weaknesses were identified and recommended for improvement. Based on their assessment, the Internal Auditors had provided their audit findings after the financial year ended 30 June 2017 highlighting their observations and recommendations of corrective actions to be taken to improve the systems and controls. Periodic follow-up audit reports would also be carried out whenever appropriate, to ensure recommendations of corrective actions are implemented and enforced.

The internal audit carried out during the financial year ended 30 June 2017 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

Statement Of Directors' Responsibility In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to take reasonable steps in ensuring that the financial statements of the Company and the Group ("**Rex Group**") are properly drawn up in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standard and the requirements of the Companies Act 2016, so to give a true and fair view of the state of affairs of the Rex Group as at the end of the financial year and of its results and cash flow of the Rex Group for the year then ended.

The Directors consider that in preparing the financial statements for the financial year ended 30 June 2017:-

- the Rex Group have adopted the appropriate accounting policies and applied them consistently;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible for ensuring that the Rex Group maintain accounting records that disclose with reasonable accuracy at any time of the financial position of the Rex Group, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps that appropriate systems are reasonably available to them to safeguard the assets of the Rex Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Statement On Risk Management And Internal Control

This Statement on Risk Management and Internal Control ("**Statement**") by the Board of Directors ("**Board**") of Rex Industry Berhad ("**REX**") is made in respect of the financial year ended 30 June 2017 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia.

The Board is committed to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, and is pleased to set out below its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the year.

The Board acknowledges its overall responsibility for ensuring a sound and effective system of risk management and internal control is maintained throughout the Group to safeguard shareholders' investment and the Group's assets and regular review of its effectiveness and adequacy is inevitable. The Board recognises that risk cannot be totally eliminated and the system of internal control instituted can only help minimise and manage risks and provide some reasonable but not absolute assurance that the assets of the Group and of the Company are safeguarded against material losses and unauthorised use and that the financial statements are not materially misstated and the Group is managed and operated in a systematic manner.

The Board exercises control through an organisation structure with clearly defined levels of responsibility, authority and appropriate reporting procedures. Management including the Executive Directors is empowered by the Board and shall be responsible for identifying, evaluating, monitoring and managing significant risks affecting the achievement of business objectives of the Group. The process of identifying, evaluating, monitoring and managing risks is an on-going process. All significant issues identified and affecting the business objectives of the Group are reported to the Board accordingly.

The key elements and processes of risk management and internal control system in place throughout the Group include:

1. Defined delegation of responsibilities to Board Committees, namely the Audit Committee, Remuneration Committee and Nomination Committee and to operating units with clearly defined areas of responsibility, authority limits and operational authorities for all aspects of the business;

2. Involvement of the Executive Directors in the day-to-day operations of the Group and attendance at operational and management level meetings, monitoring adherence to the Group's policies and procedures. The Executive Directors have regular reviews on the operational, financial and strategic issues and challenges affecting the respective business units with the heads of business units. Significant matters identified during these meetings are highlighted to the Board on a timely basis;

3. The Board is briefed and updated on the operational performance and corporate development of the Group by the Executive Directors and on the financial performance of the Group by the Chief Financial Officer on quarterly basis; and

4. Sufficient insurance coverage on major assets to ensure the assets are adequately covered against any mishap that could result in material losses. The insurance policies are renewable on yearly basis.

The Internal Audit function of the Group is outsourced to an independent professional Internal Audit service provider that reports to the Audit Committee. The Group adopts a risk-based approach in identifying major operation areas that warrant Internal Audit review and assessment to be carried out taking into consideration corporate exercises proposed or/and undertaken by the Group. The Internal Auditors carry out reviews on areas which are identified by Management as warranting attention and to assess the adequacy and effectiveness of the control processes to address the risks and recommend improvements to strengthen the control processes, where appropriate.

The Internal Auditors also perform Internal Audits on major operating units and other management areas deemed appropriate within the Group. Based on their assessment, the Internal Auditors will provide the Audit Committee with reports highlighting their observations, recommendations and corrective action taken by Management to ensure adequacy, integrity and appropriate improvements to the system of internal control. Follow-up Internal Audits to assess implementation of past audit findings are also carried out to ensure effectiveness of the system of internal control implemented.

The Enterprise Risk Management practices are adhered to but the framework, policy and the Group risk profile are currently being formalised, drafted and shall be adopted for implementation upon the Board's approval.

The Board is generally satisfied with the existing system of risk management and internal control which has not resulted in any significant breakdown or weaknesses that could give rise to material losses incurred by the Group during the financial year under review or requires disclosure in the 2017 Annual Report. Nevertheless, the Board recognises the review and improvement to the existing system of risk management and internal control is an on-going process to accommodate evolving business needs. The Board believes that with the assistance from the Internal Auditors, the system of internal control of the Group could be closely managed, monitored and improved over time.

Conclusion

The risk management and internal control system of the Group, comprising the respective frameworks, procedures, management processes, monitoring processes described in this statement, is considered appropriate. While the Board acknowledges that the risk management and internal control system does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that might result in poor judgment, an assurance was received from the Group Managing Director and Group Financial Officer that the risk management and internal control system of the Group is operating adequately and effectively. The Group continues to take measures to enhance and strengthen the risk management and internal controls environment.

Review of the Statement by External Auditors

The external auditors of REX have reviewed this Statement for inclusion in the Annual Report of REX for the financial year ended 30 June 2017. Their review was conducted in accordance with Recommended Practice Guide 5 (Revised), ["RPG 5 (Revised)"], Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants ("MIA")). RPG 5 (Revised) does not require the external auditors to, and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. RPG 5 (Revised) also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems. Based on the review of the external auditors, they have reported to the Board that nothing has come to the attention of the external auditors that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system.

This Statement on Risk Management and Internal Control has been approved by the Board of REX on 16 October 2017.

Other Information Required

1. Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year ended 30 June 2017.

2. Audit and Non-Audit Fees

For the financial year ended 30 June 2017, Messrs. Moore Stephens Associates PLT, the External Auditors have rendered certain audit and non-audit services to the Company and the Group. A breakdown of the fees paid is as follows:-

	Company (RM)	Group (RM)
Audit services rendered	40,000	165,990
Non-audit services rendered		
a) Review of Statement on Risk Management and Internal Control	5,000	-
b) Review of Supplementary Information on The Disclosure Realised and Unrealised Profit or Losses	3,000	-
c) Review of Component Auditors' working papers	6,000	-
Total	54,000	165,990

3. Material Contracts involving Directors, Chief Executive and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries, involving the Director's and Major Shareholders' interests during the financial year ended 30 June 2017.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The details of the RRPTs were disclosed in Note 26 of the Financial Statements for the financial year ended 30 June 2017 on page 109 of this Annual Report.

Corporate Social Responsibility Statement

OUR JOURNEY WITH LOVE REX

Pursuing our belief in corporate social responsibility, REX Industry Berhad drives to make a difference to the community we work and live in. We have embarked on **Love REX** campaign. Love REX plays an integral part in achieving the company's corporate social responsibility.

Love REX campaign has embarked on two prong approach, namely **REX Feeds the Homeless** and **REX Feeds the Homes program**. These programs help us to reach out to the homeless and inmates of homes by providing basic necessity of FOOD.

Love Rex has also partnered with **Community Excel Services** by contributing towards their **Foodbank** initiative. Foodbank provides basic essential food items and support other charitable body that are reaching and helping the people in need. They receive and distribute non-perishable food and grocery items and are presently providing aid to 120 poor and needy families.

Love REX campaign activities harness the spirit and energy of the REX team to reach out to contribute to the betterment of society. These campaigns also nurture the teamwork and comradeship among our employees at the organisational level **and make social responsibility our core value**.

REX Feeds the Homeless program reaches out to the homeless in Kuala Lumpur every fortnight. The program which started out serving 50 packets of wholesome meals has grown to serve between 300 to 400 packed meals in a month. These meals are prepared using REX products with the help of local restaurants. Our team volunteers to distribute these meals on the streets of Kuala Lumpur. We have run a total of 33 successful events as of the end of July 2017.

REX Feeds the Homes provides to 7 carefully selected homes around the Klang Valley. These homes are sponsored with REX products with the aim of providing healthy and balanced meals to the disabled and underprivileged in our society. Love REX comes to aid the inmates who are in need of assistance and support. These selected homes do not receive funding from the government and are typically homes that rely solely on donation from the public.

Our History and Business

Rex was incorporated on 26 November 1993 as a private limited company under the Companies Act 1965 by the name of Kompetitif Pertama Sdn Bhd. The Company acquired the entire issued and paid-up share capital of Rex Canning Co. Sdn Bhd, Rex Trading Sdn Bhd and Rex Foods Sdn Bhd and took on the function as a holding company in conjunction with the listing of Rex on Bursa Securities. The Company changed its name to Rex Industry Sdn Bhd on 5 February 1994. It was converted to a public limited company on 16 February 1994 and adopted its present name. Rex was listed on the Second Board of Bursa Securities on 29 November 1995.

Rex Group is involved in manufacturing of canned food, beverage and confectionary products. Rex Canning Co. Sdn Bhd a wholly owned subsidiary of Rex was founded in 1965 and has since grown into a leading manufacturer and exporter of halal canned products, frozen food and beverages company in Malaysia. PT Rex Canning Indonesia began commercial operations in August 1992; the principal activities are manufacturing and exporting of canned processed seafood. PT Rex Canning operates under stringent standards set by the Ministry of Marine Affairs and Fisheries of Indonesia. The majority of PT Rex's canned seafood is exported to the US and EU.

Our specialisation lies in developing products that cater to the taste and needs of our growing population who depend on reliable products that suite their budget.

Our Policy

From the start, as much as providing reliable products that suits the consumer's budget, food safety has been at the core of our business. As firm believers of giving the best to our consumers, we are adept at sourcing reliable supplies and adopting efficient logistics.

We practice good values in our business chain and maintain high quality performance through compliance according to local regulatory requirement.

Commendable Performance

The Group registered a turnover of RM130.17 million for the financial year ended 30 June 2017, a decrease of 0.5% as compared to the annualised revenue for continuing operation for year 2016 of RM130.79 million. The profit before tax increased by RM2.50 million to RM2.49 million from loss before tax of RM0.11 million as recorded in the previous financial year. The profit rose mainly because of the Company had instituted several initiatives to strengthen its position including the continued cost rationalisation and streamlining of resources to achieve better efficiency. This enabled the Company to remain competitive in the market and maintained its margins. We will continue to be prudent in managing costs while keeping the drive of developing and delivering new products to the markets.

REX GROUP	**FP 2016**		**FY 2017**
(All in RM'000)	**Continued**	**Annualised**	
Revenue	196,182	130,788	130,175
(Loss) / Profit before tax	(17)	(11)	2,493

The Board is confident of maintaining the Group's financial performance under the prevailing business environment. The Group will strive to ensure that it continues to achieve satisfactory results by implementing prudent measures and improving operational efficiency so as to sustain the current margin while remaining focused on product and service quality.

Financial Highlights	31 December 2012 RM'000	2013 RM'000	2014 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000
Statement of Profit and Loss					
Turnover (continuing operations)	138,908	156,940	145,022	196,182	130,175
Turnover (discontinued operations)	-	-	-	46,526	9,470
Profit / (Loss) before Tax	1,879	3,938	3,555	(2,404)	2,432
Interest	1,455	1,219	1,167	1,231	1,070
Profit / (Loss) after Tax	1,203	2,107	768	(4,788)	3,255
Dividend	-	-	-	-	1,233

	31 December 2012 RM'000	2013 RM'000	2014 RM'000	30-Jun-16 RM'000	30-Jun-17 RM'000
Statement of Financial Position					
Paid-up Share Capital	56,052	56,052	56,052	61,657	61,657
Shareholders Funds	125,032	128,932	132,254	137,852	142,466
Borrowings	36,214	27,370	24,264	14,013	21,888
Net Tangible Assets	115,266	120,300	123,622	129,963	134,577

Financial Ratio	31 December 2012	2013	2014	30-Jun-16	30-Jun-17
Investment Ratio					
NTA per share	2.06	2.15	2.21	2.11	2.18
Basic Earning/ (Loss) Per Share (Sen)	0.36	3.76	1.38	(8.09)	5.27
Gross Dividend rate (%)	-	-	-	-	2.00
Dividend coverage ratio (times)	-	-	-	-	2.64
Operating Ratio					
After tax return on shareholders' fund (%)	0.16	1.63	0.58	(3.47)	2.28
Pre-tax profit margin (%)	1.35	2.51	2.45	(0.99)	1.74
Financial Ratio					
Gearing (times)	0.290	0.212	0.183	0.102	0.154
Interest Coverage ratio	2.29	4.23	4.05	(0.95)	3.27
Liquidity Ratio					
Current ratio	2.28	2.67	2.75	3.33	2.45
Quick ratio	1.02	1.24	1.19	1.91	1.31

Changes in the composition of the Group

There were no changes in the composition of the Group for the financial year ended 30 June 2017 except for the discontinued operations and disposal group classified as held for sale. On 15 June 2016, the Company had entered into a conditional sale and purchase agreement with Mr Lee Chai Seng for the proposed disposal by Company of its entire equity interest in Jie Yang Rex Foods Co. Ltd., for a Disposal Consideration of RM21,000,000 to be satisfied entirely via cash.

On 11 November 2016, that the conditions precedent set out in the sale and purchase agreement dated 15 June 2016 for the Disposal has been fulfilled and the completion of the Disposal took place on 11 November 2016. Accordingly, Jie Yang Rex Foods Co. Ltd. ceased to be an indirect wholly-owned subsidiary of Rex.

Outlook and Prospects

In keeping the momentum of driving growth, the Company will pursue its initiative of innovating and widening our product portfolio to cater to our evolving consumer needs. This financial year the company had introduced new beverages, confectionary and canned food products. New beverages introduced included REXCOCO, REXBUL Energy Drink, REXBERRY (sparkling) and Aqua S Drinking Water. In the canned food segment we introduced variants to Cinta brand, the Chicken Rendang and Chicken Curry Extra Spicy. The confectionary segment also saw new products taking to the market. I am pleased to report all these products is gaining traction in the market with the consumers and we are pursuing the growth of these products.

These new product innovations were key business drivers, contributing to the Group's overall turnover development. Our marketing and promotional initiatives in tandem with new product launches further strengthen our market share and performance.

The acquisition of Summit Teamtrade (2001) Sdn Bhd in January 2016 clearly bodes well for the Company by adding flour-based products to its product portfolio. The Group added Mombo Sandwich crackers with strawberry, chocolate, peanut butter and coffee flavours. Cream crackers original, crispy and sandwich chocolate cream were added to the Mulia brand line, further extending its product range.

Widening of the product offerings is to position the Company to target the export market in an aggressive manner. We anticipate growing the export market over the coming years. With the cost rationalisation and improved product offerings, the Company is in a resilient position to grow internationally.

The Company is committed towards maintaining our business strategy of prudent cost management and continuous investment for the future.

Acknowledgements

I take this opportunity to thank my fellow Board members and our shareholders, customers and business partners for their continued support of our business. I also wish to convey my heartfelt appreciation to all REX employees for their commitment and dedication. Together, we can achieve more and bring the Group to greater heights of success.

DARMENDRAN KUNARETNAM
Group Managing Director

Statistics Of Shareholdings

As At 06 October 2017

ANALYSIS OF SHAREHOLDINGS AS AT 6 OCTOBER 2017

Class of Shares	:	Ordinary Share
Total Number of Holders	:	852
Total Number of Issued Shares	:	61,656,617
Voting Rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	58	6.81	2,107	0.00
100 – 1,000	174	20.42	141,874	0.23
1,001 – 10,000	464	54.46	1,725,970	2.80
10,001 – 100,000	105	12.32	2,971,975	4.82
100,001 – 3,082,829 (*)	49	5.75	43,773,041	70.99
3,082,830 and above (**)	2	0.23	13,041,650	21.15
TOTAL	852	100.00	61,656,617	100.00

REMARK: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The substantial shareholders of Rex Industry Berhad and their respective shareholdings based on the Register of Substantial Shareholders are as follows:

Substantial Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Daiman Taipan Sdn. Bhd.	13,727,650	22.26	-	-
Darmendran Kunaretnam	7,062,313	11.45	13,727,650 (1)	22.26
Chee Cheng Chun	-	-	13,727,650 (1)	22.26

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Daiman Taipan Sdn. Bhd., which owns the shares

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of Rex Industry Berhad based on the Register of Directors' Shareholdings are as follows:

Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	882,700	1.43	-	-
Darmendran Kunaretnam	7,062,313	11.45	13,727,650 (1)	22.26
Chee Cheng Chun	-	-	13,727,650 (1)	22.26
Tai Keat Chai	-	-	-	-
Mohd Faisal Izan bin Abdul Latiff	-	-	-	-

Notes:

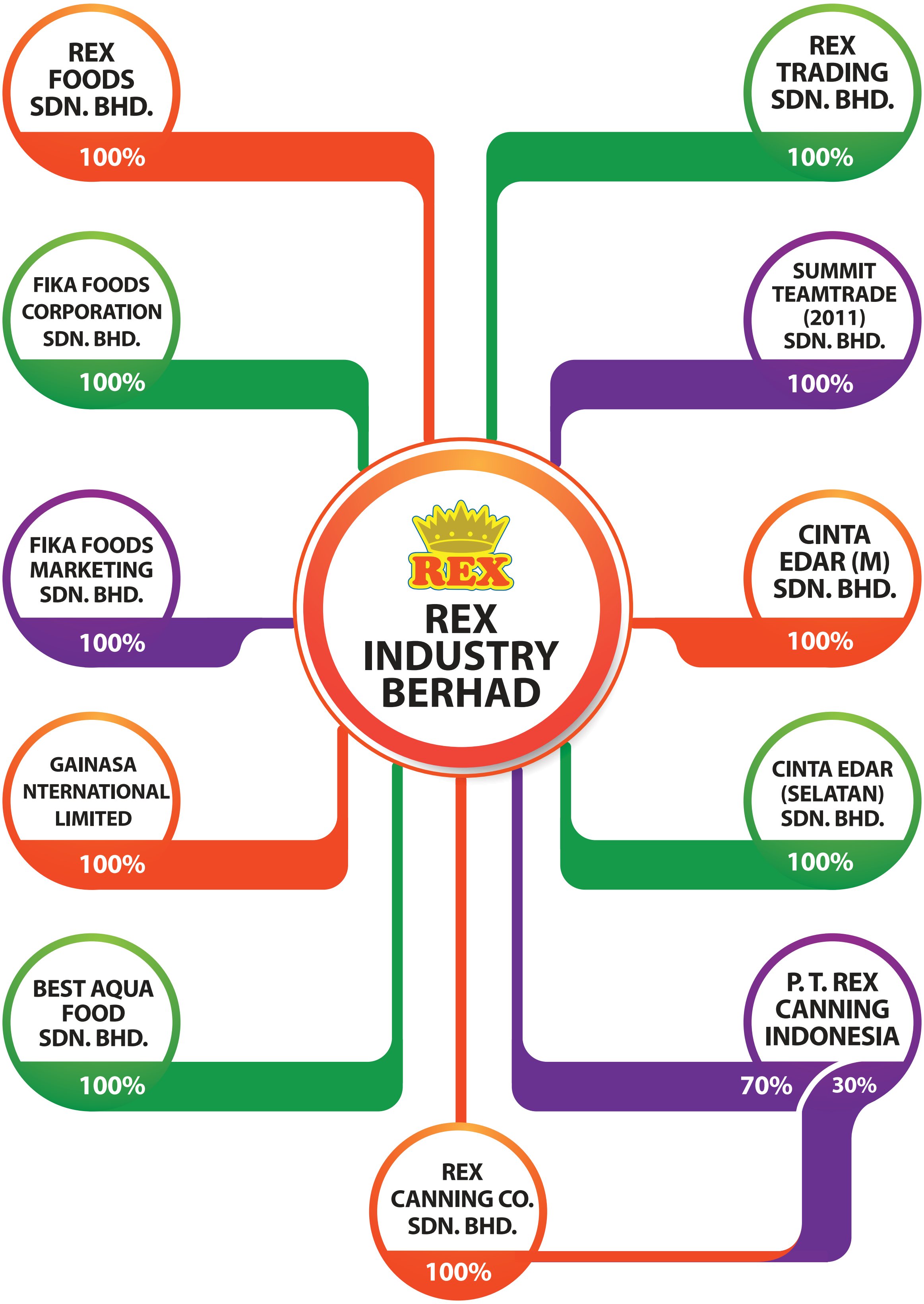
(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Daiman Taipan Sdn. Bhd., which owns the shares

Thirty Largest Shareholders
As At 06 October 2017

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Shareholders	No. of Shares	(%)
1.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. (HDM Capital Sdn. Bhd. for Daiman Taipan Sdn. Bhd.)	8,426,750	13.67
2.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Daiman Taipan Sdn. Bhd.)	4,614,900	7.48
3.	Archer Horizons Sdn. Bhd.	3,000,000	4.87
4.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran A/L Kunaretnam)	2,851,000	4.62
5.	Divine Wonders Sdn. Bhd.	2,605,000	4.23
6.	Cimsec Nominees (Tempatan) Sdn. Bhd. (CIMB Bank for Darmendran A/L Kunaretnam)	2,521,313	4.09
7.	Melody Station Sdn. Bhd.	2,140,200	3.47
8.	Cheong Boo Chin	2,132,600	3.46
9.	Amsec Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Central Portfolio Sdn. Bhd.)	1,972,000	3.20
10.	Lee Chai Seng	1,449,655	2.35
11.	Tan Kee Shang	1,448,914	2.35
12.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kamlesh Kumar)	1,388,400	2.25
13.	Lee Sew Keng	1,295,807	2.10
14.	AllianceGroupNominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Darmendran A/L Kunaretnam)	1,265,000	2.05
15.	TA Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tay Ben Chuan)	1,150,500	1.87
16.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Exempt an for Affin Hwang Asset Management Berhad)	1,058,700	1.72
17.	Amsec Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Seamless Strength Sdn. Bhd.)	1,022,100	1.66
18.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Melody Station Sdn. Bhd.)	1,000,000	1.62
19.	JF Apex Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teo Siew Lai)	883,000	1.43
20.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Mohd Ibrahim bin Mohd Zain)	882,700	1.43
21.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi FundII)	858,800	1.39
22.	Taiko Voyage Sdn. Bhd.	853,500	1.38
23.	Kenanga Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Thevandran A/L K Ragavan)	830,000	1.35
24.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ng L'Yp-Hau)	811,000	1.32
25.	Teo Kwee Hock	771,700	1.25
26.	Lim Ee Yong	740,403	1.20
27.	Kamlesh Kumar	689,700	1.12
28.	Daiman Taipan Sdn. Bhd.	686,000	1.11
29.	Amsec Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kuek Boon Siang)	663,000	1.08
30.	Tev Vest Sdn. Bhd.	633,200	1.03
	TOTAL	**50,645,842**	**82.14**

Corporate Structure



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit from continuing operations, net of tax	3,596,746	1,967,479
Loss from discontinued operations, net of tax	(342,657)	-
	3,254,089	1,967,479
Profit attributable to:		
Owners of the parent	3,254,089	

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures 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.

DIVIDENDS

On 24 May 2017, the Directors declared an interim single tier dividend of RM0.02 per ordinary share for the financial year ended 30 June 2017 amounting to RM1,233,133 based on current year profit which was paid on 23 August 2017.

The Directors do not recommend any final dividend in respect of the current financial year.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:-

Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	
Darmendran Kunaretnam	
Chee Cheng Chun	
Mohd Faisal Izan Bin Abdul Latiff	
Tai Keat Chai	
Lee Soo Keat	Resigned on 24 May 2017
Lee Sew Keng	Retired on 23 September 2016

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares or debentures of the Company and its related corporation during the financial year were as follows:

	Number of ordinary shares			
	At 1.7.2016 Unit	Bought Unit	Sold Unit	At 30.6.2017 Unit
Name of Director				
Ordinary shares in the Company				
Direct interest:				
Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain	882,700	-	-	882,700
Darmendran Kunaretnam	3,521,313	3,541,000	-	7,062,313
Indirect interest:				
Darmendran Kunaretnam*				
- Daiman Taipan Sdn. Bhd.	12,726,750	1,000,900	-	13,727,650
Chee Cheng Chun*				
- Daiman Taipan Sdn. Bhd.	12,726,750	1,000,900	-	13,727,650

* deemed interest via shareholding in a related corporation pursuant to Section 8(4) of the Companies Act 2016 in Malaysia.

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

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company or its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Group and Company RM
Salaries	1,300,116
Bonus	555,480
Contributions to defined contribution plan	163,992
Social security contribution	593
Fee	249,600
	2,269,781

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than as disclosed in Note 26 to the financial statements.

There were no arrangements during or 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.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

   (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;

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

   (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 which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (cont'd)

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

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

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

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

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

(iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is RM165,990.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiary by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 16 October 2017.

TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN

DARMENDRAN KUNARETNAM

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 52 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 123 has been prepared in accordance with the 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 16 October 2017.

TAN SRI DATO' MOHD IBRAHIM BIN MOHD ZAIN

DARMENDRAN KUNARETNAM

Statutory Declaration

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

I, LIM GEIK FONG, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 52 to 122 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
at Kuala Lumpur in the Federal Territory
on 16 October 2017

LIM GEIK FONG

Before me,

TAN KIM CHOOI
W661

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rex Industry Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of 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 52 to 122.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant 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.

Key audit matters (cont'd)

Key audit matters	Our audit performed and responses thereon
Valuation of inventories As at 30 June 2017, as shown in Note 14 to the financial statements, the Group's inventories amounted to RM57.7 million which represented 29% of the Group's total assets. The balance is a material balance for the Group which requires management judgement in determining an appropriate costing basis and in assessing adequacy of allowance for inventory obsolescence. The Group uses standard costing in measuring its finished goods which includes an element of estimation in the allocation of overhead costs. We focused on this area due to the significance of the inventories balance and the assessment involving management judgement and estimation.	We have performed the following procedures: • Attended and observed physical stock take procedures as at financial year end. • Discussed with management and obtained an understanding of management's process in determining appropriate costing basis, including the allocation of overhead costs. • Designed and performed control effectiveness testing on the standard costing module on sampling basis. • Tested the costing on samples of finished goods by examining elements which made up the standard cost and by comparing the standard cost against actual cost. • Performed net realisable value ("NRV") test on sampling basis to ensure inventories are stated lower of cost and NRV. • Obtained understanding of management's process in determining allowance for inventory obsolescence and tested the reliability of the inventory aging report and assessed the adequacy of allowance for slow moving and obsolete inventories.
Recoverability of trade receivables As at 30 June 2017, as shown in Note 15 to the financial statements, the Group's trade receivables amounted to RM36.5 million which represented 19% of the Group's total assets. As at the financial year end, the management had exercised judgement by performing impairment assessment on individual trade debtors which exceeded the credit terms granted by the Group. This area was considered to be one of most significant to our audit due to the substantial sum outstanding and the judgement involved pertaining to management's impairment assessment.	We have performed the following procedures: • Verified the balances of trade receivables by requesting and receiving confirmations on sampling basis. • Obtained a list of long outstanding trade receivables and identified any debtors with financial difficulty through discussion with management. • Assessed the recoverability of trade receivables on sampling basis by reference to their historical bad debt expense, ageing profiles of the counter parties and past historical repayment trends. • Assessed cash receipts subsequent to the financial year end for its effect in reducing the amounts outstanding as at the financial year end. • Assessed the recoverability of these outstanding trade receivables through our discussion with management and comparing the outstanding amounts as at the financial year end against subsequent receipts.

Key audit matters (cont'd)

Key audit matters	Our audit performed and responses thereon
Valuation of goodwill As at 30 June 2017, as shown in Note 13 to the financial statements, the Group's goodwill amounted to RM7.9 million, which represented 4% of the Group's total assets. The Group is required to perform an annual impairment test or when indication of impairment exists on goodwill which arose from the Group's acquisition of the two (2) subsidiaries in prior years. The Group applies the value-in-use ("VIU") method to estimate the recoverable amounts of the goodwill. We have identified the valuation of goodwill as a key audit matter as the impairment test involves significant management judgement in determining the allocation of goodwill to the cash-generating unit ("CGU") and in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the goodwill is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flow projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following procedures: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors. • Compared the key assumptions including forecasted revenue, growth rates, gross margin and discount rates against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available. • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the goodwill. • Assessed the appropriateness of the financial statements disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.

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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, we are required to report the 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 Group's and the Company's ability 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:

(a) 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.

(b) 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 Group's and of the Company's internal control.

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

(d) 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 Group's or the Company's ability 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.

(e) 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 represent the underlying transactions and events in a manner that achieves fair presentation.

(f) 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.

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

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out on page 123 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other matters

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 contents of this report.

MOORE STEPHENS ASSOCIATES PLT	STEPHEN WAN YENG LEONG
LLP0000963-LCA & AF002096	02963/07/2019J
Chartered Accountants	Chartered Accountant

Petaling Jaya, Selangor
Date: 16 October 2017

Statements Of Comprehensive Income

For The Financial Year Ended 30 June 2017

	Note	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM	Company 01.07.2016 to 30.06.2017 RM	Company 01.01.2015 to 30.06.2016 RM
Continuing operations					
Revenue	4	130,174,994	196,182,017	3,006,000	-
Changes in manufactured inventories		2,378,836	(3,792,418)	-	-
Raw materials and consumables used		(85,245,453)	(123,904,083)	-	-
Staff costs		(22,227,137)	(29,102,509)	-	-
Depreciation		(2,549,045)	(2,929,660)	-	-
Other expenses		(21,384,258)	(38,078,684)	(1,087,482)	(1,120,233)
Other income		2,415,328	2,839,246	48,961	1,001
Profit/(loss) from operations		3,563,265	1,213,909	1,967,479	(1,119,232)
Finance costs	5	(1,070,661)	(1,231,060)	-	-
Profit/(loss) before tax	6	2,492,604	(17,151)	1,967,479	(1,119,232)
Income tax expense	7	1,104,142	(756,468)	-	-
Profit/(loss) from continuing operations, net of tax		3,596,746	(773,619)	1,967,479	(1,119,232)
Discontinued operations					
Loss for the financial year/period from discontinued operations, net of tax	8	(342,657)	(4,014,479)	-	-
Profit/(loss), net of tax		3,254,089	(4,788,098)	1,967,479	(1,119,232)

	Note	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM	Company 01.07.2016 to 30.06.2017 RM	Company 01.01.2015 to 30.06.2016 RM
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		2,629,956	3,246,153	-	-
Items that will not be reclassified subsequently to profit or loss					
Defined benefit plan actuarial (loss)/gain		(37,361)	63,199	-	-
Total other comprehensive income for the year/period		2,592,595	3,309,352	-	-
Total comprehensive income for the year/ period		5,846,684	(1,478,746)	1,967,479	(1,119,232)
Profit/(Loss) for the year/ period attributable to:					
Owners of the parent		3,254,089	(4,788,098)	1,967,479	(1,119,232)
Total comprehensive income attributable to:					
Owners of the parent		5,846,684	(1,478,746)	1,967,479	(1,119,232)
Basic earnings/(loss) per ordinary share (sen)					
Continuing operations	9	5.83	(1.31)		
Discontinued operations	9	(0.56)	(6.79)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements Of Financial Position

As At 30 June 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	62,478,040	48,739,230	-	-
Investments in subsidiaries	11	-	-	41,888,617	41,888,617
Other investment	12	2,142,000	2,109,535	2,142,000	2,109,535
Goodwill on consolidation	13	7,889,127	7,889,127	-	-
		72,509,167	58,737,892	44,030,617	43,998,152
Current assets					
Inventories	14	57,707,850	51,387,549	-	-
Trade receivables	15	36,456,152	28,552,642	-	-
Other receivables	16	13,317,576	4,052,067	31,593,708	29,241,246
Tax recoverable		130,795	994,154	31,320	31,320
Cash and cash equivalents	17	16,703,679	3,707,115	746,168	750,991
		124,316,052	88,693,527	32,371,196	30,023,557
Non-current asset classified as held for sale	18	-	3,464,313	-	-
Assets of disposal group classified as held for sale	8	-	28,398,835	-	-
		124,316,052	120,556,675	32,371,196	30,023,557
Total assets		196,825,219	179,294,567	76,401,813	74,021,709

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	19	73,742,421	61,656,617	73,742,421	61,656,617
Share premium	20	-	12,085,804	-	12,085,804
Translation reserve	20	(771,305)	(3,243,156)	-	-
Retained earnings/ (Accumulated losses)		69,494,897	53,421,476	(833,041)	(1,567,387)
Reserve of disposal group classified as held for sale	8	-	13,931,721	-	-
Total equity attributable to owners of the Company		142,466,013	137,852,462	72,909,380	72,175,034
Non-current liabilities					
Borrowings	21	382,142	505,563	-	-
Deferred tax liabilities	22	3,250,738	4,811,365	-	-
		3,632,880	5,316,928	-	-
Current liabilities					
Borrowings	21	21,506,342	13,507,836	-	-
Trade payables	23	12,769,814	8,904,111	-	-
Other payables	24	14,632,931	7,784,896	2,259,300	1,846,675
Tax payable		584,106	163,964	-	-
Dividend payable		1,233,133	-	1,233,133	-
		50,726,326	30,360,807	3,492,433	1,846,675
Liabilities directly associated with disposal group classified as held for sale	8	-	5,764,370	-	-
		50,726,326	36,125,177	3,492,433	1,846,675
Total liabilities		54,359,206	41,442,105	3,492,433	1,846,675
Total equity and liabilities		196,825,219	179,294,567	76,401,813	74,021,709

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Statements Of Changes In Equity
For The Financial Year Ended 30 June 2017

	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Statutory Reserve Fund RM	Reserve Of Disposal Group Classified As Held For Sale RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Parent						
		Non-distributable					Distributable	
At 1 January 2015		56,051,617	10,614,008	5,177,706	2,035,784	-	58,375,297	132,254,412
Transactions with owners								
Issuance of ordinary shares	19, 20(b)	5,605,000	1,569,400	-	-	-	-	7,174,400
Share issuance expense	20(b)	-	(97,604)	-	-	-	-	(97,604)
Transfer to statutory reserve fund	8(a)	-	-	-	228,922	-	(228,922)	-
Transfer to reserve of disposal group classified as held for sale	8	-	-	(11,667,015)	(2,264,706)	13,931,721	-	-
		5,605,000	1,471,796	(11,667,015)	(2,035,784)	13,931,721	(228,922)	7,076,796
Foreign currency translation difference for foreign operations		-	-	3,246,153	-	-	-	3,246,153
Defined benefit plan actuarial gain	24(a)	-	-	-	-	-	63,199	63,199
Total other comprehensive income for the period		-	-	3,246,153	-	-	63,199	3,309,352
Loss for the financial period		-	-	-	-	-	(4,788,098)	(4,788,098)
Total comprehensive income for the period		-	-	3,246,153	-	-	(4,724,899)	(1,478,746)
At 30 June 2016		61,656,617	12,085,804	(3,243,156)	-	13,931,721	53,421,476	137,852,462

	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Reserve Of Disposal Group Classified As Held For Sale RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Parent					
		Non-distributable				Distributable	
Group							
At 1 July 2016		61,656,617	12,085,804	(3,243,156)	13,931,721	53,421,476	137,852,462
Transactions with owners							
Realisation of reserves on disposal of subsidiary		-	-	(158,105)	(13,931,721)	14,089,826	-
Dividend to owners of the Company	25	-	-	-	-	(1,233,133)	(1,233,133)
Transfer of share premium upon abolition of par value	19, 20(b)	12,085,804	(12,085,804)	-	-	-	-
Total transactions with owners		12,085,804	(12,085,804)	(158,105)	(13,931,721)	12,856,693	(1,233,133)
Foreign currency translation difference for foreign operations		-	-	2,629,956	-	-	2,629,956
Defined benefit plan actuarial loss	24(a)	-	-	-	-	(37,361)	(37,361)
Total other comprehensive income for the year		-	-	2,629,956	-	(37,361)	2,592,595
Profit for the financial year		-	-	-	-	3,254,089	3,254,089
Total comprehensive income for the year		-	-	2,629,956	-	3,216,728	5,846,684
At 30 June 2017		73,742,421	-	(771,305)	-	69,494,897	142,466,013

	Note	← Non-distributable Share Capital RM	→ Share Premium RM	Accumulated Losses RM	Total Equity RM
Company					
At 1 January 2015		56,051,617	10,614,008	(448,155)	66,217,470
Transactions with owners:					
Share issuance expense		-	(97,604)	-	(97,604)
Issuance of ordinary shares	19, 20(b)	5,605,000	1,569,400	-	7,174,400
Total transactions with owners		5,605,000	1,471,796	-	7,076,796
Loss for the financial period, representing total comprehensive income for the period		-	-	(1,119,232)	(1,119,232)
At 30 June 2016		61,656,617	12,085,804	(1,567,387)	72,175,034
At 1 July 2016		61,656,617	12,085,804	(1,567,387)	72,175,034
Transactions with owners:					
Dividend to owners of the Company	25	-	-	(1,233,133)	(1,233,133)
Transfer of share premium upon abolition of par value	19, 20(b)	12,085,804	(12,085,804)	-	-
Total transactions with owners		73,742,421	-	(2,800,520)	70,941,901
Profit for the financial year, representing total comprehensive income for the year		-	-	1,967,479	1,967,479
At 30 June 2017		73,742,421	-	(833,041)	72,909,380

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

Statements Of Cash Flow
For The Financial Year Ended 30 June 2017

	Note	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM	Company 01.07.2016 to 30.06.2017 RM	Company 01.01.2015 to 30.06.2016 RM
Cash Flows from Operating Activities					
Profit/(loss) before tax from continuing operations		2,492,604	(17,151)	1,967,479	(1,119,232)
Loss before tax from discontinued operations	8	(60,396)	(2,386,814)	-	-
Profit/(loss) before tax, total		2,432,208	(2,403,965)	1,967,479	(1,119,232)
Adjustments for:					
Depreciation of property, plant and equipment		2,886,181	4,682,744	-	-
Deposits written off		-	59,350	-	-
Impairment loss on investment in subsidiary		-	-	-	345,000
Impairment loss on other receivables		801,374	840,841	-	-
Interest expense		1,070,661	1,231,060	-	-
Impairment loss on goodwill		-	1,594,343	-	-
Inventories written off		-	6,983,608	-	-
Gain on disposal of property, plant and equipment		(731,466)	(1,639,060)	-	-
Gain on disposal of subsidiary	8	(259,216)	-	-	-
Gain on disposal of non-current asset classified as held for sale		(506,527)	-	-	-
Unrealised loss/(gain) on foreign exchange		9,099	(84,395)	-	-
Fair value gain on other investment		(32,465)	-	(32,465)	-
Interest income		(256,098)	(355,882)	(16,496)	(1,001)
Operating profit/(loss) before changes in working capital		5,413,751	10,908,644	1,918,518	(775,233)
Changes in working capital:					
Inventories		(4,692,155)	3,997,172	-	-
Trade and other receivables		(10,958,472)	(9,975,054)	(2,352,462)	(4,039,164)
Trade and other payables		14,118,032	2,041,777	412,625	1,367,510
Cash generated from/(used in) operations, balance carried down		3,881,156	6,972,539	(21,319)	(3,446,887)

	Note	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM	Company 01.07.2016 to 30.06.2017 RM	Company 01.01.2015 to 30.06.2016 RM
Cash generated from/(used in) operations, balance brought down		3,881,156	6,972,539	(21,319)	(3,446,887)
Interest received		256,098	355,882	16,496	1,001
Interest paid		(1,070,661)	(1,231,060)	-	-
Tax refund		1,193,679	21,742	-	-
Tax paid		(366,663)	(3,338,660)	-	-
Net cash from/(used in) operating activities		3,893,609	2,780,443	(4,823)	(3,445,886)
Cash Flows from Investing Activities					
Net cash outflow from acquisition of subsidiary	11	-	(799,736)	-	-
Acquisition of property, plant and equipment	10	(16,244,925)	(5,772,631)	-	-
Proceeds from disposal of property, plant and equipment		1,372,811	3,755,555	-	-
Proceeds from disposal of non-current assets held for sale		3,970,840	-	-	-
Net cash inflow from disposal of subsidiary	8	1,164,802	-	-	-
Additional investment in subsidiary		-	-	-	(800,000)
Purchase of other investment		-	(2,109,535)	-	(2,109,535)
Net used in investing activities		(9,736,472)	(4,926,347)	-	(2,909,535)

	Note	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM	Company 01.07.2016 to 30.06.2017 RM	Company 01.01.2015 to 30.06.2016 RM
Cash Flows from Financing Activities					
Net proceeds from issuance of ordinary shares		-	7,076,796	-	7,076,796
Drawdown/(Repayment) of borrowings		9,437,594	(8,481,800)	-	-
Repayment of finance lease payables		(433,352)	(247,769)	-	-
Net cash from/(used in) financing activities		9,004,242	(1,652,773)	-	7,076,796
Net increase/(decrease) in cash and cash equivalents		3,161,379	(3,798,677)	(4,823)	721,375
Cash and cash equivalents at beginning of the financial year/period		12,323,012	17,415,857	750,991	29,616
Effect of exchange rate changes on cash and cash equivalents held		(71,758)	(1,294,168)	-	-
Cash and cash equivalents at the end of the financial year/period		15,412,633	12,323,012	746,168	750,991

(i) Cash and cash equivalents comprise of the following:-

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Fixed deposits with licensed banks		-	3,440,932	-	-
Cash and bank balances		2,415,029	11,844,782	746,168	750,991
Short-term repurchase agreement (""REPO"")		14,288,650	-	-	-
		16,703,679	15,285,714	746,168	750,991
Less: Bank overdrafts (Note 21)		(1,291,046)	(2,962,702)	-	-
		15,412,633	12,323,012	746,168	750,991

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company is located at Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 16 October 2017.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int"), Amendments to IC Int

(i) Adoption of New MFRS and Amendments/Improvements to MFRSs

The Group and the Company had adopted the following new MFRS and amendments/improvements to MFRSs that are mandatory as follows:-

Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
MFRS 14	Regulatory Deferral Accounts
Annual Improvements to MFRSs 2012-2014 Cycle	

The adoption of the new MFRS and amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company.

2. **BASIS OF PREPARATION** (cont'd)

(a) **Statement of compliance** (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int"), Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiative
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRSs 2014-2016 Cycle)

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014-2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Clarification to MFRS15	Revenue from Contract with Customers
Amendments to MFRS 4	Applying MFRS9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Annual Improvements to MFRSs 2014-2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property (Transfers of Investment Property)
IC Interpretation 22	Foreign Currency Transactions and Advances Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int"), Amendments to IC Int (cont'd)

(ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (cont'd)

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

MFRS 9, Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and of the Company's financial assets, but no impact on the classification and measurement of the Group's and of the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group and to the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of this Standard and plan to adopt this Standard on the required effective date.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

2. BASIS OF PREPARATION (cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on diminishing balance method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 5 to 100 years.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

(iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimated of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(v) Impairment of receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loan and receivables at the reporting date are disclosed in note to the financial statements.

(vi) Write-down of inventories

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

(vii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

2. **BASIS OF PREPARATION** (cont'd)

(d) **Significant accounting estimates and judgements** (cont'd)

(viii) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investment in subsidiaries.

(ix) Fair value estimates for certain financial assets and liabilities

The Group carried certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(x) Contingent liabilities

Recognition and measurement for contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

(xi) Defined benefit plan

The cost of retirement benefit, death benefit, disability benefit and resignation benefit as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, salary increment rate, mortality rate, disability rate and resignation rate. All assumptions are reviewed at each reporting date. The net employee liability as at 30 June 2017 is RM2,475,741 (2016: RM2,178,404).

In determining the appropriate discount rate management has derived the applicable interest rates from the market yield on government bond which sourced from Indonesia Bond Pricing Agency ("IBPA") per date of calculation.

The details of the other assumptions are further disclosed in Note 24(a).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Basis of consolidation** (cont'd)

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Basis of consolidation** (cont'd)

Subsidiaries (cont'd)

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combinations is taken to equity.

Transactions eliminated on consolidation

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

(b) **Foreign currency**

(i) **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(b) **Foreign currency** (cont'd)

(ii) Foreign operations denominated in functional currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

- Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to other comprehensive income.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

(c) **Revenue recognition**

Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, 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.

Dividend income

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

Interest income

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

(d) **Employee benefits**

(i) Short term employee benefits

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

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

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(d) Employee benefits (cont'd)

(ii) Defined contribution plans

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

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting period on government bond (sourced from IBPA) that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(e) Borrowing costs

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Leases

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

(i) Finance Lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating Lease

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

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

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

(h) Earnings per share

Basic earnings per share ("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 year, adjusted for own shares held.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(i) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in the profit or loss on diminishing balance basis over the estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Leasehold land	1% – 2.5%
Buildings	2%
Plant, machinery and factory equipment	5% - 20%
Furniture, fittings and office equipment	5% - 20%
Motor vehicles	20%

Freehold land has an indefinite useful life and therefore is not depreciated.

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(k) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of comprehensive income.

(l) Inventories

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

The cost of inventories is measured based on weighted average cost 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 estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a weighted average cost or standard cost basis (which approximates average actual cost).
- cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, fixed deposits with licensed banks and short-term REPO that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(n) 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 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.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

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 as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with 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

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

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

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

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

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(n) **Financial instruments** (cont'd)

(ii) **Financial instrument categories and subsequent measurement** (cont'd)

(d) Available-for-sale financial assets

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

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

Financial liabilities

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

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

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

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

(iii) **Offsetting of financial instruments**

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

(iv) **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 specific debtor fails to make payment when due. Financial guarantee contracts are recognized initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(n) Financial instruments (cont'd)

(v) Regular way purchase or sale of financial assets

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

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

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

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. 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.

(o) Impairment

(i) Financial assets

All financial assets, other than those at fair value through profit or loss and investments in subsidiaries, 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.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(o) Impairment (cont'd)

(i) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Available-for-sale investments

If an available-for-sale investments is impaired, the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised as other comprehensive income in available-for-sale reserve.

Unquoted equity securities carried at cost

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

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, non-current assets classified as held for sale and assets of disposal group classified as held for sale) 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(o) Impairment (cont'd)

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

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) 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.

(r) 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) 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

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

(t) Non-current asset held for sale or distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent (herein referred to as "distribution") if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Distribution-related costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution. Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position. A disposal group qualifies as discontinued operation if it is:

(i) A component of the Group that is a Cash Generating Unit ("CGU") or a group of CGUs;
(ii) Classified as held for sale or distribution or already disposed in such a way; or
(iii) A major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. 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. Additional disclosures are provided in notes to the financial statements. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) 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.

4. REVENUE

	Group		Company	
	01.07.2016 to 30.06.2017 RM	**01.01.2015 to 30.06.2016 RM**	**01.07.2016 to 30.06.2017 RM**	**01.01.2015 to 30.06.2016 RM**
Continuing operations:-				
Sale of goods	130,174,994	196,182,017	-	-
Dividend income from subsidiary	-	-	3,006,000	-
	130,174,994	196,182,017	3,006,000	-

5. FINANCE COSTS

	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM
Interest expense:		
- Term loan	-	22,132
- Bank overdrafts	43,942	26,884
- Finance lease	38,661	25,013
- Banker's acceptances	841,776	989,161
- Revolving credit	146,282	167,870
	1,070,661	1,231,060

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):-

	Group 01.07.2016 to 30.06.2017 RM	Group 01.01.2015 to 30.06.2016 RM	Company 01.07.2016 to 30.06.2017 RM	Company 01.01.2015 to 30.06.2016 RM
Auditors' remuneration:				
Current year				
- Continuing	165,990	162,215	40,000	40,000
- Discontinued	-	52,686	-	-
Underprovision for prior period	-	3,360	-	-
Non-audit fees				
- Current year/period	14,000	44,000	14,000	44,000
Depreciation				
- Continuing	2,549,045	2,929,660	-	-
- Discontinued	337,136	1,753,084	-	-

6. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(loss) before tax is arrived at after charging/(crediting) (cont'd):-

	Group		Company	
	01.07.2016 to 30.06.2017 RM	**01.01.2015 to 30.06.2016 RM**	**01.07.2016 to 30.06.2017 RM**	**01.01.2015 to 30.06.2016 RM**
Deposits written off	-	59,350	-	-
Fair value gain on other investment	(32,465)	-	(32,465)	-
Gain on disposal of property, plant and equipment	(731,466)	(1,639,060)	-	-
Gain on disposal of subsidiary	(259,216)	-	-	-
Gain on disposal of non-current asset classified as held for sale	(506,527)	-	-	-
Impairment loss on other receivables	801,374	840,841	-	-
Impairment loss on investment in subsidiary	-	-	-	345,000
Impairment loss on goodwill	-	1,594,343	-	-
Interest income				
- Continuing	(256,098)	(4,549)	(16,496)	(1,001)
- Discontinued	-	(351,333)	-	-
Inventories written off				
- Continuing	-	816,000	-	-
- Discontinued	-	6,167,608	-	-
Rental of premises				
- Continuing	780,279	905,558	-	-
- Discontinued	-	33,642	-	-
Rental of equipment	69,553	45,628	-	-
Realised (gain)/loss on foreign exchange				
- Continuing	(451,284)	(820,086)	-	-
- Discontinued	-	40,887	-	-
Employees benefits expense (Note a)				
- Continuing	22,227,137	29,102,509	-	-
- Discontinued	1,172,704	4,239,826	-	-
Unrealised loss/(gain) on foreign exchange	9,099	(84,395)	-	-

6. PROFIT/(LOSS) BEFORE TAX (cont'd)

(a) Employees benefit expenses comprise:

	Group		Company	
	01.07.2016 to 30.06.2017 RM	**01.01.2015 to 30.06.2016 RM**	**01.07.2016 to 30.06.2017 RM**	**01.01.2015 to 30.06.2016 RM**
Continuing				
Staff costs				
Salaries, wages, allowances and overtime	18,963,520	23,956,354	-	-
Defined benefit plan	163,782	676,619	-	-
Contributions to defined contribution plan	980,355	833,347	-	-
Social security contributions	99,299	95,024	-	-
	20,206,956	25,561,344	-	-
Executive Directors				
Salaries and other emoluments	1,855,596	3,129,725	-	-
Contributions to defined contribution plan	163,992	410,773	-	-
Social security contributions	593	667		
	2,020,181	3,541,165	-	-
Non-executive Directors				
Fees	249,600	404,734	249,600	404,734
Other emoluments	-	16,800	-	16,800
Total non-executive Directors' remuneration	249,600	421,534	249,600	421,534
Total Directors' remuneration	2,269,781	3,962,699	249,600	421,534
Total staff costs (excluding non-executive directors)	22,227,137	29,102,509	-	-
Discontinued				
Staff costs				
Salaries, wages, allowances and overtime	1,172,704	3,926,668	-	-
Social security contributions	-	313,158	-	-
	1,172,704	4,239,826	-	-

7. INCOME TAX EXPENSE

	Group 01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM
Current income tax - continuing operations:		
- Malaysian tax	519,900	820,956
- Foreign tax	470,119	697,268
(Over)/underprovision in prior period		
- Malaysian tax	(533,534)	27,310
	456,485	1,545,534
Deferred tax (Note 22) - continuing operations:		
Origination/(reversal) of temporary differences	64,713	(169,671)
Overprovision in prior period	(1,625,340)	(619,395)
	(1,560,627)	(789,066)
Income tax attributable to continuing operations	(1,104,142)	756,468
Current income tax - discontinued operations (Note 8):		
Foreign tax, representing income tax attributable to discontinued operations	282,261	1,627,665
Total income tax (credit)/expense recognised in profit or loss	(821,881)	2,384,133

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. INCOME TAX EXPENSE (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM	01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM
Profit/(loss) before tax from continuing operations	2,492,604	(17,151)	1,967,479	(1,119,232)
Loss before tax from discontinued operations	(60,396)	(2,386,814)	-	-
Profit/(loss) before tax	2,432,208	(2,403,965)	1,967,479	(1,119,232)
Tax at the Malaysian statutory income tax rate of 24%	583,730	(576,952)	472,195	(268,616)
Effect of different tax rates in other countries	23,618	(24,040)	-	-
Effect of reduction in tax rate on opening deferred tax balance	-	(127,544)	-	-
Utilisation of previously unrecognised deferred tax assets	-	(56,880)	-	-
Non-deductible expenses	882,168	3,761,634	261,005	268,616
Deferred tax assets not recognised	190,000	-	-	-
Income not subject to tax	(342,523)	-	(733,200)	-
(Over)/underprovision for prior period				
- income tax	(533,534)	27,310	-	-
- deferred tax	(1,625,340)	(619,395)	-	-
Income tax (credit)/expense recognised in profit or loss	(821,881)	2,384,133	-	-

The Group has estimated unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances available for set-off against future taxable profits as follows:-

	Group	
	01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM
Unutilised tax losses	4,857,300	4,074,000
Unabsorbed capital allowances	167,500	-
Unutilised reinvestment allowances	100,600	100,600
	5,125,400	4,174,600

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In prior financial period, the Company announced the decision of its Board of Directors to dispose one of its wholly-owned subsidiary, Jie Yang Rex Foods Co. Ltd. ("JYR") on 15 June 2016. The decision to dispose JYR was to facilitate the change in business strategy of the Group towards expanding its operations in the ASEAN region.

As at 30 June 2016, the assets, liabilities and reserve related to JYR have been presented in the statements of financial position as "Assets of disposal group classified as held for sale", "Liabilities directly associated with disposal group classified as held for sale", and "Reserve of disposal group classified as held for sale" and its results are presented separately on the statements of comprehensive income as "Loss/profit from discontinued operations, net of tax".

The disposal of JYR was completed on 11 November 2016 and JYR ceased to be a subsidiary of the Company following the completion of the disposal.

Statement of comprehensive income disclosures

The results of JYR for the financial period ended 11 November 2016 and 30 June 2016 are as follows:

	Group	
	01.07.2016 to 11.11.2016 RM	**01.01.2015 to 30.06.2016 RM**
Revenue	9,470,902	46,526,390
Changed in manufactured inventories	(1,087,756)	(3,293,898)
Raw materials consumed	(6,366,206)	(28,062,687)
Staff costs	(1,172,704)	(4,239,826)
Depreciation	(337,136)	(1,753,084)
Other expenses	(614,357)	(12,074,318)
Other income	46,861	510,609
Loss before tax from discontinued operations	(60,396)	(2,386,814)
Income tax expense	(282,261)	(1,627,665)
Loss from discontinued operations, net of tax attributable to the owners of the parent	(342,657)	(4,014,479)

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)

Statement of financial position disclosures

The major classes of assets and liabilities of JYR classified as held for sale and the related reserves as at 30 June 2016 are as follows:

	Note	Group 2017 RM	Group 2016 RM
Assets:			
Property, plant and equipment		-	8,710,023
Inventories		-	3,508,297
Trade receivables		-	4,097,616
Other receivables		-	504,300
Fixed deposit with licensed banks		-	3,440,932
Cash and bank balances		-	8,137,667
Assets of disposal group classified as held for sale		-	28,398,835
Liabilities:			
Deferred tax liabilities		-	(1,405,579)
Trade payables		-	(1,038,252)
Other payables		-	(2,437,456)
Tax payables		-	(883,083)
Liabilities directly associated with disposal group classified as held for sale		-	(5,764,370)
Net assets directly associated with disposal group classified as held for sale		-	22,634,465
Reserves:			
Translation reserve		-	11,667,015
Statutory reserve fund	(a)	-	2,264,706
Reserves of disposal group classified as held for sale		-	13,931,721

(a) In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution.

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to current asset.

Cumulative income or expense recognised in other comprehensive income

The cumulative income or expenses recognised in other comprehensive income relating to the disposal group is RM Nil (2016: RM11,667,015).

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)

Effect of disposal of JYR on the financial position of the Group

	Group 2017 RM
Net assets disposed:	
Assets of disposal group	28,239,495
Liabilities of disposal group	(7,498,711)
Attributable assets disposed	20,740,784
Total disposal proceeds*	21,000,000
Gain on disposal of subsidiary	259,216
Cash inflow arising on disposal:-	
Cash consideration received	15,853,820
Cash and cash equivalent of subisidary disposed	(14,689,018)
Net cash inflow on disposal	1,164,802

* Total disposal proceeds received as at the end of the financial year amounted to RM15,853,820 and the remaining balance of RM5,146,180 is expected to be received by end of 2017.

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary share for the financial year/period is calculated by dividing the profit/(loss) after tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year/period.

	01.01.2015 to 30.06.2016		
	Continuing Operations RM	Discontinued Operations RM	Total RM
Group			
Loss after tax attributable to the owners of the parent	(773,619)	(4,014,479)	(4,788,098)

	01.07.2016 to 30.06.2017		
	Continuing Operations RM	Discontinued Operations RM	Total RM
Group			
Profit/(loss) after tax attributable to the owners of the parent	3,596,746	(342,657)	3,254,089

9. EARNINGS/(LOSS) PER SHARE (cont'd)

	Group	
	01.07.2016 to 30.06.2017 RM	**01.01.2015 to 30.06.2016 RM**
Number of ordinary shares at the beginning of the year/period	61,656,617	56,051,617
Weighted average ordinary shares issued during the year/period	-	3,113,889
Weighted average number of ordinary shares at the end of the year/period	61,656,617	59,165,506
Basic earnings/(loss) per ordinary share (sen):		
From continuing operations	5.83	(1.31)
From discontinued operation	(0.56)	(6.79)
	5.27	(8.10)

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there is no dilutive potential ordinary shares outstanding during the financial year/period.

10. **PROPERTY, PLANT AND EQUIPMENT**

2017	Freehold land RM	Long term leasehold land* RM	Short term leasehold leasehold RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
Group									
Cost									
At 1 July 2016	10,218,615	1,471,964	5,576,382	22,712,804	29,816,282	3,658,359	3,659,675	4,001,258	81,115,339
Additions	-	-	-	7,647,803	3,888,822	616,988	1,107,554	3,526,258	16,787,425
Disposals	-	-	-	(748,498)	(44,356)	-	(714,766)	-	(1,507,620)
Exchange differences	100,127	-	-	51,888	167,345	25,947	44,745	-	390,052
At 30 June 2017	10,318,742	1,471,964	5,576,382	29,663,997	33,828,093	4,301,294	4,097,208	7,527,516	96,785,196
Accumulated depreciation									
At 1 July 2016	-	151,981	1,321,620	6,633,658	20,365,107	2,060,009	1,843,734	-	32,376,109
Charge for the financial year	-	24,675	102,742	497,450	1,206,456	179,875	537,847	-	2,549,045
Disposals	-	-	-	(136,921)	(39,593)	-	(689,761)	-	(866,275)
Exchange differences	-	-	-	44,847	150,850	23,279	29,301	-	248,277
At 30 June 2017	-	176,656	1,424,362	7,039,034	21,682,820	2,263,163	1,721,121	-	34,307,156
Net carrying amount									
At 30 June 2017	10,318,742	1,295,308	4,152,020	22,624,963	12,145,273	2,038,131	2,376,087	7,527,516	62,478,040

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land RM	Long term leasehold land* RM	Short term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
2016										
Group										
Cost										
At 1 January 2015		8,636,202	2,998,932	13,458,798	34,289,830	33,970,555	3,807,460	4,530,629	3,819,729	105,512,135
Acquisition of subsidiary	11	-	-	-	-	226,742	317,583	50,000	-	594,325
Additions		89,110	-	-	84,741	2,898,450	1,059,006	1,145,789	1,176,735	6,453,831
Attributable to discontinued operations	8	-	-	(6,887,446)	(7,745,542)	(5,608,577)	(1,559,293)	(1,538,603)	-	(23,339,461)
Disposals		-	(1,526,968)	-	(897,712)	-	-	(764,976)	-	(3,189,656)
Reclassification		1,039,470	-	-	-	-	-	-	(1,039,470)	-
Reclassification to non-current asset held for sale	18	-	-	(1,180,995)	(3,439,033)	(2,291,660)	(145,454)	-	-	(7,057,142)
Exchange differences		453,833	-	186,025	420,520	620,772	179,057	236,836	44,264	2,141,307
		10,218,615	1,471,964	5,576,382	22,712,804	29,816,282	3,658,359	3,659,675	4,001,258	81,115,339

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Note	Freehold land RM	Long term leasehold land* RM	Short term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure-in-progress RM	Total RM
2016										
Group (cont'd)										
Accumulated depreciation										
At 1 January 2015		-	355,053	2,688,835	11,040,527	25,392,214	2,840,636	3,212,067	-	45,529,332
Acquisition of subsidiary	11	-	-	-	-	84,837	125,350	20,000	-	230,187
Attributable to discontinued operations	8	-	-	(1,841,237)	(4,483,378)	(5,387,772)	(1,453,269)	(1,463,782)	-	(14,629,438)
Charge for the financial period		-	43,317	795,808	990,148	1,845,095	554,729	453,647	-	4,682,744
Disposals		-	(246,389)	-	(229,360)	-	-	(597,412)	-	(1,073,161)
Reclassification to non-current asset held for sale	18	-	-	(365,571)	(997,071)	(2,093,239)	(136,948)	-	-	(3,592,829)
Exchange differences		-	-	43,785	312,792	523,972	129,511	219,214	-	1,229,274
At 30 June 2016		-	151,981	1,321,620	6,633,658	20,365,107	2,060,009	1,843,734	-	32,376,109
Net carrying amount										
At 30 June 2016		10,218,615	1,319,983	4,254,762	16,079,146	9,451,175	1,598,350	1,815,941	4,001,258	48,739,230

* Long-term leasehold land with unexpired lease period of more than 50 years.

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) The net carrying amount of property, plant and equipment of the Group held under finance leases arrangements were RM1,816,301 (2016: RM1,252,904).

(ii) Acquisition of property, plant and equipment are satisfied by the following:-

	Group 2017 RM	Group 2016 RM
Cash	16,244,925	5,772,631
Finance lease arrangement	542,500	681,200
	16,787,425	6,453,831

(iii) The strata titles of certain shoplots of the Group with carrying amount of RM472,818 (2016: RM479,081) are yet to be issued by the relevant authorities.

11. INVESTMENTS IN SUBSIDIARIES

	Group 2017 RM	Group 2016 RM
Unquoted shares, at cost		
At beginning of the year/period	42,501,620	41,701,620
Additions	-	800,000
At end of the year/period	42,501,620	42,501,620
Less: Allowance for impairment loss		
At beginning of the year/period	(613,003)	(268,003)
Additions	-	(345,000)
At end of the year/period	(613,003)	(613,003)
	41,888,617	41,888,617

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Country of incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Rex Canning Co. Sdn. Bhd.	Malaysia	100	100	Manufacture and export of canned food and drinks and investment holding
Rex Trading Sdn. Bhd.	Malaysia	100	100	Trading of canned food, drinks and shelf stable convenience food
Fika Foods Corporation Sdn. Bhd.	Malaysia	100	100	Manufacture and distribution of frozen meat, ceased operation in June 2014
Summit Teamtrade (2011) Sdn. Bhd. *	Malaysia	100	100	Manufacturing of biscuit
P.T. Rex Canning * #	Indonesia	100	100	Manufacture and export of canned food
Cinta Edar (Selatan) Sdn. Bhd.	Malaysia	100	100	Dormant
Rex Foods Sdn. Bhd.	Malaysia	100	100	Dormant
Best Aqua Food Sdn. Bhd.	Malaysia	100	100	Dormant
Cinta Edar (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Fika Foods Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Gainasia International Limited * ^	British Virgin Islands	100	100	Dormant
<u>Held through Rex Canning Co. Sdn. Bhd.</u>				
Jie Yang Rex Foods Co. Ltd. *	The People's Republic of China	-	100	Manufacture and export of canned food and drinks

* Not audited by Moore Stephens Associates PLT.
\# Rex Canning Co. Sdn. Bhd. has 30% equity interest in P.T. Rex Canning.
^ The financial statements is audited for consolidation purposes by Moore Stephens Associates PLT.

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

2017

Changes in the group structure during the financial year

Disposal of subsidiary

The disposal of the Company's wholly-owned subsidiary (JYR) was completed on 11 November 2016 and the effect of the disposal is disclosed in Note 8.

2016

Changes in the group structure in prior financial period

On 31 December 2015, the Company acquired the entire issued and paid-up share capital of Summit Teamtrade (2011) Sdn. Bhd. ("Summit") comprising one thousand (1,000) ordinary shares of RM1.00 each for a cash consideration of RM800,000. The acquisition was completed on 3 February 2016 and Summit became a wholly-owned subsidiary of the Company.

Acquisition of subsidiary

The fair values of the identifiable assets and liabilities of Summit as at the date of acquisition were:

	Group 2016 RM
Identifiable net assets acquired and liabilities assumed:	
Property, plant and equipment	364,138
Inventories	66,405
Trade receivables	633,431
Other receivables	9,200
Cash and bank balances	264
Other payables	(19,080)
Amount owing to Director	(1,085,388)
Deferred tax liabilities	(20,617)
Net identifiable liabilities acquired	(51,647)
Net cash flow arising from acquisition of subsidiary	
Purchase consideration settled in cash	800,000
Less: Cash and cash equivalent acquired	(264)
Net cash outflow to the Group	799,736
Goodwill arising from business combination	
Fair value of consideration - cash	800,000
Net identifiable liabilities acquired	51,647
Goodwill on consolidation (Note 13)	851,647

12. OTHER INVESTMENT

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Fair value through profit or loss investment				
At fair value:				
- Quoted shares				
At beginning of the year/period	2,109,535	-	2,109,535	-
Addition	-	2,109,535	-	2,109,535
Fair value gain	32,465	-	32,465	-
At end of the year/period	2,142,000	2,109,535	2,142,000	2,109,535
At market value	2,142,000	2,310,000	2,142,000	2,310,000

13. GOODWILL ON CONSOLIDATION

	Group 2017 RM	Group 2016 RM
Cost		
At beginning of the year/period	12,973,086	12,121,439
Acquisition of subsidiary	-	851,647
Written off	(1,594,343)	-
At end of the year/period	11,378,743	12,973,086
Impairment loss		
At beginning of year/period	(5,083,959)	(3,489,616)
Addition	-	(1,594,343)
Written off	1,594,343	-
At end of the year/period	(3,489,616)	(5,083,959)
Carrying amount at end of year/period	7,889,127	7,889,127

Impairment testing for cash generating units ("CGU") containing goodwill

Goodwill has been allocated to the Group's CGU identified according to the business segment as follows:-

	Group 2017 RM	Group 2016 RM
Manufacturing of canned food	7,037,480	7,037,480
Manufacturing of biscuits	851,647	851,647
	7,889,127	7,889,127

13. GOODWILL ON CONSOLIDATION (cont'd)

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

Management has assessed the recoverable amount of goodwill based on value-in-use calculations determined by discounting future cash flows generated from the continuing use of the CGUs projected based on the financial budget for 2018 and projected revenue growth covering a period of 5 years.

The key assumptions used in the determination of recoverable amount are as follows:

(i) Budgeted gross margin

The budgeted gross margin ranges from 15% to 20%. Gross margins are based on values achieved previously preceeding the start of the budget period. These are increased over the budget for anticipated efficiency improvements.

(ii) Weighted average growth rate

The weighted average growth rate for business operation ranges from 5% to 33%. Pre-tax cash flows projections based on the most recent financial budgets approved by the management covering a 5 years period based on the growth rate.

(iii) Pre-tax discount rate

A pre-tax discount rate of 10.0% (2016: 10.0%) was applied to the calculations in determining the recoverable amount of the CGUs. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing recoverable amounts have been considered in determining the recoverable amount of the cash generating unit. Based on the sensitivity analysis performed, management concluded that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the units to be materially below their carrying amounts.

14. INVENTORIES

	Group	
	2017	**2016**
	RM	**RM**
At cost:		
Raw materials	19,992,194	16,634,028
Manufactured inventories	31,340,218	28,869,276
Packing materials	5,779,621	4,264,604
Consumables	595,817	1,619,641
	57,707,850	51,387,549

The Group has written off inventories amounting to RM Nil (2016: RM816,000) during the financial year/period.

15. TRADE RECEIVABLES

	Group 2017 RM	Group 2016 RM
External parties	37,084,915	29,863,855
Less: Allowance for impairment		
At beginning of the year/period	(1,311,213)	(3,165,509)
Written off	682,450	1,854,296
At end of the year/period	(628,763)	(1,311,213)
	36,456,152	28,552,642

The normal credit terms of trade receivables of the Group range from 30 to 90 days (2016: 30 to 90 days).

16. OTHER RECEIVABLES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Sundry receivables	10,664,899	2,199,149	-	44,772
Less: Allowance for impairment				
At beginning of the year/period	(1,895,360)	(1,054,519)	(44,772)	(44,772)
Written off	790,188	-	44,772	-
Additions	(801,374)	(840,841)	-	-
At end of the year/period	(1,906,546)	(1,895,360)	-	(44,772)
	8,758,353	303,789	-	-
Deposits	4,143,551	3,199,419	26,842	27,283
Prepayments	332,031	494,480	-	-
GST receivable	83,641	54,379	-	-
	13,317,576	4,052,067	26,842	27,283
Amounts due from subsidiaries	-	-	31,566,866	29,213,963
	13,317,576	4,052,067	31,593,708	29,241,246

The amounts due from subsidiaries are unsecured, non-trade in nature, interest free and are repayable on demand.

Included in sundry receivables of the Group is the balance disposal proceed receivable amounted to RM5,146,180 arising from disposal of JYR during the financial year as disclosed in Note 8.

Included in deposits of the Group is an amount of RM3,417,974 (2016: RM2,464,760) which represents advances paid to suppliers for the supplies of raw materials.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term REPO	14,288,650	-	-	-
Cash and bank balances	2,415,029	3,707,115	746,168	750,991
	16,703,679	3,707,115	746,168	750,991

18. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2017 RM	2016 RM
At beginning of the year/period	3,464,313	-
Reclassified from property, plant and equipment (Note 10)	-	3,464,313
Disposal	(3,464,313)	-
At end of the year/period	-	3,464,313

In prior financial period, the Group entered into a Sale and Purchase Agreement ("SPA") on 8 January 2016 to dispose a short-term leasehold land and building for a total cash consideration of RM3.97 million.

The disposal of the land and building was completed during the financial year after certain conditions precedent of the SPA were satisfied.

19. SHARE CAPITAL

	Group and Company			
	2017 Number of ordinary shares Unit	2016 Number of ordinary shares Unit	2017 RM	2016 RM
Authorised				
Ordinary shares of RM1 each				
At beginning of the year/period	100,000,000	100,000,000	100,000,000	100,000,000
Abolition of authorised share capital under the Companies Act 2016	(100,000,000)	-	(100,000,000)	-
At end of the year/period	-	100,000,000	-	100,000,000
Issued and fully paid				
Ordinary shares of RM1 each				
At beginning of the year/period"	61,656,617	56,051,617	61,656,617	56,051,617
Issued during the period	-	5,605,000	-	5,605,000
Transfer from share premium under the Companies Act 2016	-	-	12,085,804	-
At end of the year/period	61,656,617	61,656,617	73,742,421	61,656,617

The Company's issued and fully paid-up capital share capital comprises ordinary shares with a par value of RM1 each. The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of the Act, the amount standing to the credit of the Group's and of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. However, the Company has a period of 24 months from the effective date of the Act to use the existing balance credited in the share premium in a manner as specified by the Act.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual interests.

20. TRANSLATION RESERVE AND SHARE PREMIUM

(a) Translation reserve

The translation reserve comprise all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Share premium

	Group and Company	
	2017	**2016**
	RM	**RM**
At beginning of the financial year/period	12,085,804	10,614,008
Issuance of ordinary shares	-	1,569,400
Share issuance expense	-	(97,604)
Transfer to share capital under the Companies Act 2016 (Note 19)	(12,085,804)	-
At end of the financial year/period	-	12,085,804

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share issuance expenses.

21. BORROWINGS

	Group	
	2017	**2016**
	RM	**RM**
Non-current		
Finance lease payables (secured)	382,142	505,563
Current		
Bank overdraft (unsecured)	1,291,046	2,962,702
Bankers' acceptances (unsecured)	16,692,608	9,255,015
Revolving credit (unsecured)	3,000,000	1,000,000
Finance lease payables (secured)	522,688	290,119
	21,506,342	13,507,836
	21,888,484	14,013,399

Maturity profile of borrowings:

	Group	
	2017	**2016**
	RM	**RM**
On demand or within 1 year	21,506,342	13,507,836
More than 1 year and less than 5 years	382,142	505,563
	21,888,484	14,013,399

21. BORROWINGS (cont'd)

Interest rate per annum at the reporting date for the bank borrowings of the Group are as follows:

	Group 2017 %	Group 2016 %
Bank overdraft	8.21	8.35
Bankers' acceptances	3.16 - 5.69	2.79 - 5.25
Revolving credits	5.36 - 5.38	5.23 - 5.67
Finance lease payables	2.23 - 4.03	2.28 - 3.03

Finance lease payables

The aggregate commitment for future finance lease payments are as follows:

	Group 2017 RM	Group 2016 RM
Minimum finance lease payments:		
Within 1 year	561,516	324,684
More than 1 year and less than 2 years	364,728	324,684
More than 2 years and less than 5 years	28,083	220,686
	954,327	870,054
Less: Future finance charges	(49,497)	(74,372)
Present value of finance lease payables	904,830	795,682
Present value of finance lease payables		
Within 1 year	522,688	290,119
More than 1 year and less than 2 years	354,284	305,532
More than 2 years and less than 5 years	27,858	200,031
	904,830	795,682
Representing:		
Current	522,688	290,119
Non-current	382,142	505,563
	904,830	795,682

22. DEFERRED TAX LIABILITIES

	Group	
	2017 RM	2016 RM
At beginning of year/period	4,811,365	6,985,393
Recognised in profit or loss (Note 7)	(1,560,627)	(789,066)
Acquisition of subsidiary (Note 11)	-	20,617
Liabilities directly associated with disposal group classified as held for sale (Note 8)	-	(1,405,579)
At end of year/period	3,250,738	4,811,365

This is in respect of estimated deferred tax liabilities/(assets) arising from temporary differences as follows:

	Group	
	2017 RM	2016 RM
Difference between net carrying amount of property, plant and equipment and its tax base	689,500	1,899,617
Revaluation of property, plant and equipment	2,599,355	2,929,148
Unutilised tax losses	(11,700)	-
Unabsorbed capital allowances	(26,417)	-
Other deductible temporary differences	-	(17,400)
	3,250,738	4,811,365

Deferred tax assets and liabilities are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

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

	Group	
	2017 RM	2016 RM
Unutilised tax losses	4,808,500	4,074,000
Unabsorbed capital allowances	57,400	-
Unutilised reinvestment allowances	100,600	100,600
	4,966,500	4,174,600

Deferred tax assets have not been recognised in respect of the above items as they relate to loss-making subsidiaries and it is not probable that they will be utilised by taxable profits in the foreseeable future.

23. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors to the Group range from 30 to 90 days (2016: 30 to 90 days).

24. OTHER PAYABLES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Sundry payables	9,135,872	2,098,718	173,425	-
Accruals	2,744,918	3,171,519	207,600	94,000
Retirement benefits [Note (a)]	2,475,741	2,178,404	-	-
	14,356,531	7,448,641	381,025	94,000
Amounts due to Directors	276,400	272,000	24,000	268,400
Amounts due to subsidiaries	-	-	1,854,275	1,484,275
Amounts due to related parties	-	64,255	-	-
	276,400	336,255	1,878,275	1,752,675
	14,632,931	7,784,896	2,259,300	1,846,675

The amounts due to Directors, subsidiaries, and related parties are unsecured, interest free and are repayable on demand.

Related parties refer to certain companies in which certain Directors of the Company have substantial financial interest.

Included in sundry payables of the Group is an amount of RM Nil (2016: RM400,000) which represents 10% of deposit received for the disposal of land and building as disclosed in Note 18.

Included in sundry payables of the Group is an amount of RM3,640,000 (2016: RM Nil) which represents the balance purchase price of acquisition of a building during the financial year.

(a) Retirement benefits

A subsidiary of the Group in Indonesia makes contributions to four non-contributory defined benefit plans that provide retirement benefit, death benefit, disability benefit and resignation benefit for employees.

	Group 2017 RM	Group 2016 RM
Movement in the present value of defined benefit obligations		
At beginning of the year/period	2,178,404	1,431,742
Current service cost and interest	163,782	676,619
Actuarial gain in other comprehensive income	(30,708)	(68,069)
Effect of movement in exchange rates	164,263	138,112
At end of the year/period	2,475,741	2,178,404

24. OTHER PAYABLES (cont'd)

(a) Retirement benefits (cont'd)

Expense recognised in profit or loss

	Group 2017 RM	Group 2016 RM
Current service cost and interest	163,782	676,619

The expense is recognised in the following line item in the statements of comprehensive income:-

	Group 2017 RM	Group 2016 RM
Staff costs	163,782	676,619

Actuarial gain recognised directly in other comprehensive income

	Group 2017 RM	Group 2016 RM
At beginning of the year/period	(68,069)	(4,870)
Recognised during the year/period	37,361	(63,199)
At end of the year/period	(30,708)	(68,069)

Actuarial assumptions

	Group 2017 %	Group 2016 %
Discount rate	9.87	8.97
Salary increment rate	10.0	10.0
Disability rate	5.0	5.0
Resignation rate		
20 - 30	10.0	10.0
31 - 40	5.0	5.0
41 - 45	3.0	3.0
46 - 50	2.0	2.0
51 - 54	1.0	1.0
> 55	-	-

25. DIVIDEND

	Per ordinary share Sen	Total Amount RM	Date of payment RM
Interim single tier dividend for the financial year ended 30 June 2017	0.02	1,233,133	23.08.2017

26. RELATED PARTY DISCLOSURES

Identity of related parties

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

The Group and the Company have related party relationships with its subsidiaries, related companies, key management personnel and related parties. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies.

	Group	
	01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM
Related parties:		
Transactions with companies in which the Directors of the Company have substantial interest and are also Directors		
Transportation charges	1,715,586	1,415,436
Upkeep of motor vehicles	38,430	35,031
Information technology services	450	41,700
Travelling expenses	19,784	151,248
	1,774,250	1,643,415

	Company	
	2017 RM	2016 RM
Subsidiaries:		
Dividend income	3,006,000	-
Advances to	1,982,903	4,028,884
	4,988,903	4,028,884

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Directors of the Group and of the Company.

26. RELATED PARTY DISCLOSURES (cont'd)

The key management personnel compensations are as follows:

	Group		Company	
	01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM	01.07.2016 to 30.06.2017 RM	01.01.2015 to 30.06.2016 RM
Directors				
Directors' fee	249,600	404,734	249,600	404,734
Salaries and other emoluments	1,855,596	3,129,725	-	-
Contributions to defined contribution plan	163,992	410,773	-	-
Social security contributions	593	667	-	-
Other emoluments	-	16,800	-	16,800
	2,269,781	3,962,699	249,600	421,534
Key management personnel				
Salaries and other emoluments	580,010	1,371,300	-	-
Contributions to defined contribution plan	45,984	75,060	-	-
	625,994	1,446,360	-	-
	2,895,775	5,409,059	249,600	421,534

27. OPERATING LEASE COMMITMENTS

The future lease commitments in respect of rental payable by the Group for rental of premises under non-cancellable operating lease as at the end of the financial year/period are as follows:-

	Group	
	2017 RM	2016 RM
Payable within one year	84,000	84,000
Payable within one year but not more than two years	28,000	84,000
Payable within two years but not more than five years	-	28,000
	112,000	196,000

28. CONTINGENT LIABILITIES

	Company	
	2017	2016
	RM	RM
Unsecured		
Corporate guarantee issued to:		
- financial institutions for banking facilities granted and utilised by subsidiaries	9,087,480	5,509,702

29. OPERATING SEGMENTS

The Group has only one reportable segment, which is principally engaged in the manufacture and distribution of canned food, frozen food, drinks and biscuits. The Group's Chief Executive Officer (the Chief Operating Decision Maker) reviews internal management reports on the reportable segment on a monthly basis. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

Geographical segments

The Group operates in four principal geographical areas – Malaysia (country of domicile), United States of America ("USA"), Europe and Asia.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group External revenue		Company Non-current assets*	
	RM	RM	RM	RM
	2017	2016	2017	2016
	RM	RM	RM	RM
Continuing:				
Malaysia	70,886,425	102,267,079	57,097,592	44,012,015
USA	30,406,324	50,928,691	-	-
Europe	20,801,909	29,860,545	-	-
Asia (excludes Malaysia)	8,080,336	13,125,702	13,269,575	12,616,342
	130,174,994	196,182,017	70,367,167	56,628,357
Discontinued:				
Asia (excludes Malaysia)	7,463,884	37,845,935	-	8,710,023
USA	2,007,018	8,680,455	-	-
	9,470,902	46,526,390	-	8,710,023
	139,645,896	242,708,407	70,367,167	65,338,380

* Non-current assets consist of all non-current assets other than financial instruments and deferred tax assets.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets				
Fair value through profit or loss				
Other investment	2,142,000	2,109,535	2,142,000	2,109,535
Loans and receivables				
Trade receivables	36,456,152	28,552,642	-	-
Other receivables	12,985,545	3,557,587	31,593,708	29,241,246
Cash and cash equivalents	16,703,679	3,707,115	746,168	750,991
	66,145,376	35,817,344	32,339,876	29,992,237
	68,287,376	37,926,879	34,481,876	32,101,772
Financial liabilities				
Financial liabilities measured at amortised cost				
Borrowings	21,888,484	14,013,399	-	-
Trade payables	12,769,814	8,904,111	-	-
Other payables	14,632,931	7,784,896	2,259,300	1,846,675
Dividend payable	1,233,133	-	1,233,133	-
	50,524,362	30,702,406	3,492,433	1,846,675

The Group's activities are exposed to a variety of financial risks which include credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises primarily from their receivables (which consist of trade receivables and other receivables). For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating units, the Group does not offer credit terms without the approval of the executive Directors.

Receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables (which consist of trade receivables and other receivables). The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Credit risk concentration profile

The credit risk concentration profile of the Group's net trade receivables by country are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Malaysia	27,185,935	18,337,065
USA	7,944,441	9,916,094
Asia (excludes Malaysia)	1,325,776	299,483
	36,456,152	28,552,642

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Receivables (cont'd)

Credit risk concentration profile (cont'd)

The Group determines concentrations of credit risk by monitoring profiles of its trade receivables on a going basis.

The Group major concentration of credit risk relates to an amount owing from one customer which constituted to approximately 11% (2016: 8%) of the Group's total trade receivables as at the end of the reporting period.

Impairment losses

Information regarding the ageing and allowance of impairment of trade receivables is as follows:

Group	**Gross RM**	**Individual impairment RM**	**Net RM**
2017			
Not past due	21,438,960	-	21,438,960
Past due:			
Less than 30 days	5,045,915	-	5,045,915
31 days to 120 days	5,928,731	-	5,928,731
More than 120 days	4,671,309	(628,763)	4,042,546
	15,645,955	(628,763)	15,017,192
	37,084,915	(628,763)	36,456,152

Group	**Gross RM**	**Individual impairment RM**	**Net RM**
2016			
Not past due	18,172,206	-	18,172,206
Past due:			
Less than 30 days	4,549,077	-	4,549,077
31 days to 120 days	5,319,300	-	5,319,300
More than 120 days	1,823,272	(1,311,213)	512,059
	11,691,649	(1,311,213)	10,380,436
	29,863,855	(1,311,213)	28,552,642

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are unsecured in nature. However, the Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Financial guarantees

The Company provides unsecured corporate guarantees amounting to RM9,087,480 (2016: RM5,509,702) to banks in respect of banking facilities granted and utilised by certain subsidiaries.

As at reporting date, the fair value of the financial guarantee is negligible as the probability of the financial guarantee being called upon is remote at the initial recognition and there was no history of default in repayment of these banking facilities by the subsidiaries.

Inter company balances

The Company provides unsecured loan and advance to subsidiaries. As at the end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting date, there was no indication that the loans and advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. The Company monitors the results of the subsidiaries regularly.

(b) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("RMB").

Exposure to foreign currency risk

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

	Denominated in			
Group	**USD**	**SGD**	**RMB**	**Total**
2017	**RM**	**RM**	**RM**	**RM**
Trade receivables	8,065,529	848,707	-	8,914,236
Cash and bank balances	960,812	-	23,327	984,139
Trade payables	(4,556,519)	-	(8,548)	(4,565,067)
Other payables	(590,823)	-	-	(590,823)
Borrowings	(7,089,608)	-	-	(7,089,608)
	(3,210,609)	848,707	14,779	(2,347,123)

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Foreign currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	Denominated in			
Group	**USD**	**SGD**	**RMB**	**Total**
2016	**RM**	**RM**	**RM**	**RM**
Trade receivables	7,201,451	276,384	-	7,477,835
Cash and bank balances	3,400,553	-	23,245	3,423,798
Trade payables	(3,813,263)	-	(3,348)	(3,816,611)
Borrowings	(3,877,015)	-	-	(3,877,015)
	2,911,726	276,384	19,897	3,208,007

Foreign currency risk sensitivity analysis

The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 5% strengthening of the functional currency of the Group entities against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2017		**2016**	
	Profit after tax RM	**Equity RM**	**Profit after tax RM**	**Equity RM**
Group				
Functional currency/ Foreign currencies				
RM/USD	122,003	122,003	(110,646)	(110,646)
RM/SGD	(32,251)	(32,251)	(10,503)	(10,503)
RM/RMB	(562)	(562)	(756)	(756)

A 5% weakening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have equal but opposite effect on profit after tax and equity.

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the period, in which they reprice or mature, whichever is earlier.

Exposure in interest rate risk

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

	Group	
	2017	**2016**
	RM	**RM**
Floating rate instrument:		
Financial liability		
Bank overdrafts	1,291,046	2,962,702

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	Group	
	2017	**2016**
	RM	**RM**
Effect of profit/(loss) after tax		
Increase of 10 basis points	(981)	(2,252)
Decrease of 10 basis points	981	2,252
Effect on equity		
Increase of 10 basis points	(981)	(2,252)
Decrease of 10 basis points	981	2,252

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) 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 practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM
2017					
Bank overdrafts	1,291,046	1,397,041	1,397,041	-	-
Bankers' acceptances	16,692,608	17,642,417	17,642,417	-	-
Revolving credit	3,000,000	3,161,400	3,161,400	-	-
Finance lease payables	904,830	954,327	561,516	364,728	28,083
Trade payables	12,769,814	12,769,814	12,769,814	-	-
Other payables	14,632,931	14,632,931	14,632,931	-	-
Dividend payable	1,233,133	1,233,133	1,233,133	-	-
	50,524,362	51,791,063	51,398,252	364,728	28,083
2016					
Bank overdrafts	2,962,702	3,210,088	3,210,088	-	-
Bankers' acceptances	9,255,015	9,609,019	9,609,019	-	-
Revolving credit	1,000,000	1,054,500	1,054,500	-	-
Finance lease payables	795,682	870,054	324,684	324,684	220,686
Trade payables	8,904,111	8,904,111	8,904,111	-	-
Other payables	7,784,896	7,784,896	7,784,896	-	-
	30,702,406	31,432,668	30,887,298	324,684	220,686

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

(e) Equity price risk

Equity price risk mainly arises from the Group's investment in quoted equity classified as fair value through profit or loss.

The equity investments are held for long term strategic purposes. Their performance is assessed periodically together with assessment of their relevance to the Group's long term strategic plans.

As at 30 June 2017, it is estimated that an increase of 10 % in the market price of the quoted securities, with all other variables held constant, would have increased the Group's equity by RM214,200 (2016: RM210,954).

31. FAIR VALUES INFORMATION

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short term maturity of these financial instruments.

Table below analyses assets and liabilities carried at fair value and those not carried at fair value for which fair value is disclosed together with the carrying amounts shown in the statements of financial position.

The aggregate fair values and the carrying amounts of the financial assets carried on the statements of financial position as at the reporting date are as below:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2017					
Group					
Asset					
Other investment	2,142,000	-	-	2,142,000	2,142,000
Liability					
Finance lease payables (non-current)	-	-	377,703	377,703	382,142
2016					
Group					
Asset					
Other investment	2,310,000	-	-	2,310,000	2,109,535
Liability					
Finance lease payables (non-current)	-	-	518,971	518,971	505,563

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2017					
Company					
Asset					
Other investment	2,142,000	-	-	2,142,000	2,142,000
2016					
Company					
Asset					
Other investment	2,310,000	-	-	2,310,000	2,109,535

31. FAIR VALUES INFORMATION (cont'd)

Level 1:

The fair value of other investments at fair value through profit or loss and available-for sale are determined by reference to their quoted closing bid prices at the end of the financial year.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly (i.e prices) or indirectly (i.e derived from prices).

Level 3:

The fair value is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rate used to discount the estimated cash flows is at 4.00% (2016: 2.28% to 3.03%)

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

32. 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. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes loans and borrowings, less cash and cash equivalents balances whilst total capital is equity attributable to owners of the Company.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Borrowings (Note 21)	21,888,484	14,013,399	-	-
Less: Cash and cash equivalents (excluding bank overdrafts)	(16,703,679)	(15,285,714)	(746,168)	(750,991)
Total net debts	5,184,805	(1,272,315)	(746,168)	(750,991)
Total equity attributable to the owners of the Company	142,466,013	137,852,462	72,909,380	72,175,034
Debt to equity ratio	0.04	N/A	N/A	N/A

N/A: Not meaningful

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

The Group is in compliance with all externally imposed capital requirements.

33. SUBSEQUENT EVENT

On 21 August 2017, the Company had submitted its application for the Proposed Share Split to Bursa Malaysia Securities Bhd ("Bursa Securities") which entails the subdivision of every one existing ordinary share capital into four split shares held by owners of the Company. The split shares will, upon allotment and issuance, rank pari passu in all respects with each other. The effects of the Proposed Share Split on the issued share capital of the Company are set out below:-

	Number of shares Unit	Amount RM
Issued share capital	61,656,617	61,656,617
Issued share capital after the Proposed Share Split	246,626,468	61,656,617

On 25 August 2017, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") announced that Bursa Securities had, vide its letter dated 25 August 2017, resolved to approve the Proposed Share Split subject to the following conditions:-

i. Shareholders' approval for the Proposed Share Split;

ii. The Company and UOBKH must fully comply with the relevant provisions under the Main Market Listing Requirements ("Listing Requirements") pertaining to the implementation of the Proposed Share Split;

iii. The Company and UOBKH to inform Bursa Securities upon the completion of the Proposed Share Split;

iv. The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Share Split is completed; and

v. The Company and UOBKH are required to make the relevant announcements pursuant to paragraph 13.10(2) of the Listing Requirements pertaining to the Proposed Share Split.

Shareholders' approval for the Proposed Share Split was obtained via Extraordinary General Meeting ("EGM") held on 28 September 2017.

34. COMPARATIVE FIGURES

(a) The Group and the Company changed their financial year end from 31 December to 30 June. Accordingly, the comparative figures of the preceding financial period covered a period of 18 months from 1 January 2015 to 30 June 2016 whilst the figures of current financial year's financial statements covered a period of 12 months from 1 July 2016 to 30 June 2017. Accordingly, the statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes are not in respect of comparable periods.

(b) The comparative figures are reclassified to conform to the current year's presentations.

	As reclassified RM	As previously reported RM
Group		
30 June 2016		
Statements of financial position		
Non-current assets		
Property, plant and equipment	48,739,230	48,946,156
Non-current asset classified as held for sale	3,464,313	3,257,387
	52,203,543	52,203,543

Supplementary Information On The Disclosure Of Realised And Unrealised Profits Or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period into realised and unrealised profits or losses.

The following supplementary information is disclosed to meet the requirements of Bursa Securities 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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries				
- realised	93,969,332	74,167,433	(833,041)	(1,567,387)
- unrealised	(660,482)	(1,797,822)	-	-
	93,308,850	72,369,611	(833,041)	(1,567,387)
Less: Consolidation adjustments	(23,813,953)	(18,948,135)	-	-
Total retained earnings/ (accumulated losses)	69,494,897	53,421,476	(833,041)	(1,567,387)

Properties
As At 30 June 2017

Location/ (Registered owner)	Description (Lot/Title No)	Tenure (Approx. age of building)	Land area (Built up) sq.ft.	Date of Acquisition/ *Revaluation	Net book Value 30/6/2017 (RM)
Plot 125, Bukit Minyak Industrial Park, Seberang Perai Tengah.	Industrial land with factory	60 years with 43 years remaining (16 years)	6.0052 Acre (261,586) sq. ft.	* 30 August 2012	14,400,152
Plot 126, Bukit Minyak Industrial Park, Seberang Perai Tengah.	Industrial land	60 years with 54 years remaining (6 years)	1.74236 Acre	* 30 August 2012	9,197,121 #
Plot 42 & 43 Taman Airmas, Seberang Perai (U)	Residential premises (Lot 4639/HS(D)3363) (Lot 4654/HS(D)3378)	Freehold	1,086 sq.ft.	31 December 1996	107,771
Lot 68 & 69 Subang Light Industrial Park, Petaling Jaya, Selangor	Industrial land with factory	96 years with 75 years remaining (21 years)	4,500 sq.ft.	10 October 1990	472,818
Jl. Raya Beji Km 4 No. 42 Beji, Pasuraun, Jawa Timur Indonesia	Industrial Land with factory	130 years with 107 years remaining (23 years)	(252,207) sq. ft.	* 30 November 2012	6,528,030
Jl. Raya Beji Km 4, Desa Beji, Kecamatan Beji, Kabupaten Pasuraun, Propinsi Jawa Timur, Indonesia	Industrial Land		3.73 Acre	5 September 2012	5,428,558
No. 7A, Jalan TIAJ 2/1 Taman Industri Alam Jaya, Bandar Puncak Alam 42300 Selangor Darul Ehsan	3 Storey Semi-Detached Factory Type B	Leasehold	2,024 sq. meters	10 August 2016	4,773,992
22, Jalan Perniagaan Seri Tambun, Pusat Perniagaan Seri Tambun, 14100 Simpang Ampat Pulau Pinang	3 Storey terrace shop office		149 sq. meters	5 August 2016	1,441,077
No.42, Lintasan Perajurit 17C, Taman Perdagangan & Perindustrian Ipoh, 31400 Ipoh Perak	One and half storey intermediate factory lot	99 years with 78 years remaining 21 years)	186 sq. meters	24 November 2016	384,213

Remark: # Inclusive of capital expenditure-in-progress of RM4,342,000

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REX INDUSTRY BERHAD (282664-K)
(Incorporated in Malaysia)

Form Of Proxy

CDS Account No.	No. of Shares Held

*I/We, ____
(full name in capital letters)

of ____
(full address)

being a member of the Company, hereby appoint ____
(full name in capital letters)

of ____
(full address)

*and/or failing him, ____
(full name in capital letters)

of ____
(full address)

as *my/our proxy, to vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting of the Company, to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Thursday, 30 November 2017 at 10:00 a.m., and at any adjournment thereof.

No.	Agenda	For	Against
1	To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and the Auditors thereon.		
2	To approve the payment of Directors' fees of RM249,600 for the financial year ended 30 June 2017. (Resolution 1)		
3	To approve the payment of Directors' fees for the financial year ending 30 June 2018 and thereafter. (Resolution 2)		
4	To approve the payment of Directors' benefits up to an amount of RM100,000 from 31 January 2017 until the next AGM of the Company. (Resolution 3)		
5	To re-elect Mr. Darmendran Kunaretnam, who is retiring in accordance with Article 64 of the Company's Articles of Association and being eligible, had offered himself for re-election. (Resolution 4)		
6	To re-appoint Tan Sri Dato' Ibrahim bin Mohd Zain as a Director of the Company. (Resolution 5)		
7	To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Resolution 6)		
Special Business			
8	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 7)		
9	Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 8)		

(please indicate with "X" in the appropriate space above on how you wish for your vote to be casted. If no specific direction as to how a vote is to given, the proxy will vote or abstain at his discretion)

* Strike out whichever is not applicable.

Signed this __________ day of ________________, 2017

For appointment of two (2) proxies, the number of shares and percentage of shareholdings to be represented by each proxy:-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

____
Signature of member/shareholder

____
Common Seal to be affixed here if member/shareholder is a corporation, if applicable

Notes to the Notice of the 23rd AGM:-

1. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements and only requires the Audited Financial Statements to be laid at the Meeting. Therefore, this Agenda item is not put forward for voting.
2. For the proxy to be valid, the proxy form, duly completed and signed, must be deposited at the Company's Registered Office at Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint up to two (2) proxies to exercise all or any of his rights to attend, participate, speak and vote at the same Meeting. Where a member appoints two (2) proxies, the proportions of his shareholdings to be represented by each proxy must be specified in order for the appointments to be valid.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act,1991 ("**SICDA**") it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an additional nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under either seal or under the hand of an officer or attorney duly authorised.
7. For purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 78(3) of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting and Record of Depositors ("**ROD**") as at 24 November 2017 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Stamp

The Company Secretaries

REX INDUSTRY BERHAD
Plot 126, Jalan Perindustrian Bukit Minyak 5,
14100 Simpang Ampat, Seberang Perai Tengah,
Penang, Malaysia


Rexcoco
Minuman Malt Coklat
Inilah Segalanya !
REX