成業資源有限公司

SYF RESOURCES BERHAD

(364372-H)

ANNUAL REPORT 2014

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Local Resources

Global Presence

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Notice Of The Nineteenth ("19th") Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Company will be held at the Ballroom, Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Friday, 9 January 2015 at 10.00 a.m. for the following purposes:-

A ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2014 together with the Reports of the Directors and Auditors thereon. *(See Note 2)*

2. To approve the payment of Directors' fees for the financial year ended 31 July 2014. *(Ordinary Resolution 1)*

3. To re-elect Dato' Sri Thong Kok Khee who retires in accordance with Article 93 of the Company's Articles of Association. *(Ordinary Resolution 2)*

4. To re-elect the following Directors who retire in accordance with Article 106 of the Company's Articles of Association:-

   (i) Dato' Sri Ng Ah Chai *(Ordinary Resolution 3)*
   (ii) Datuk Mohamed Arsad Bin Sehan *(Ordinary Resolution 4)*

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

B SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** *(Ordinary Resolution 6)*

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten percent (10%) of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")** *(Ordinary Resolution 7)*

   "THAT, subject always to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.25 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities at any point in time;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase(s). As of 31 July 2014, the audited retained profits and share premium account of the Company were recorded at RM62,366,000 and RM16,805,000 respectively; and

(c) the Directors of the Company may decide to:-

   i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

   ii. cancel the shares so purchased; and/or

   iii. retain part of the shares so purchased as treasury shares and cancel the remainder.

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

(a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

C OTHER BUSINESS

8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

Tan Tong Lang ***(MAICSA 7045482)***
Chong Voon Wah ***(MAICSA 7055003)***
Company Secretaries

Kuala Lumpur
18 December 2014

NOTES:-

1. APPOINTMENT OF PROXY

(i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorized representative) to attend and vote in his/her stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.

A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

(ii) A member may appoint a maximum of two (2) proxies to attend and vote at the same meeting. Such appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.

(iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iv) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

An Exempt Authorised Nominee refers to an Authorised Nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation/company, either under its common seal or under the hand of officer or attorney duly authorised.

(vi) The instrument appointing a proxy must be deposited at the registered office of the Company at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

(vii) Only members whose names appear in the Record of Depositors as at 2 January 2015 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

Notice Of The Nineteenth ("19th") Annual General Meeting (Cont'd)

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2014

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolution 5 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 5 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten percent (10%) of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding current and/or future project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

As at the date of this Notice, 27,658,000 shares in the Company were issued at an issue price of RM1.05 per share by way of private placement ("Private Placement") pursuant to the General Mandate granted to the Directors at the Eighteenth (18th) Annual General Meeting held on 13 January 2014 and which will lapse at the conclusion of the Nineteenth (19th) Annual General Meeting. The proceeds amounting to RM29,040,900 raised from the Private Placement will be utilised for repayment of bank borrowing, working capital, partially finance the construction of factory building and defray expenses relating to the Private Placement.

(ii) Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Mandate

The proposed Ordinary Resolution 6, if passed, will provide a mandate for the Company to purchase its own shares up to ten percent (10%) of the total issued and paid-up share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Statement Accompanying Notice Of Annual General Meeting

The Directors who are standing for re-election at the Nineteenth (19th) Annual General Meeting of the Company are:-

(i)	Dato' Sri Thong Kok Khee	Article 93	(Ordinary Resolution 2)
(ii)	Dato' Sri Ng Ah Chai	Article 106	(Ordinary Resolution 3)
(iii)	Datuk Mohamed Arsad Bin Sehan	Article 106	(Ordinary Resolution 4)

The profile of the above Directors are set out on pages 17 to 19 of the Annual Report 2014. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on pages 49 to 53 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in page 25 of the Corporate Governance Statement of the Annual Report 2014.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate

In relation to the Proposed Renewal of Shareholders' Mandate for SYF Resources Berhad ("SYF or "the Company") to Purchase its own Ordinary Shares of RM0.25 Each ("SYF Shares") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") up to ten per centum (10%) of its Existing Issued and Paid-Up Share Capital ("Proposed Renewal of Share Buy-Back Mandate").

1. Disclaimer Statement

Bursa Securities takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for the Proposed Renewal of Share Buy-Back Mandate

The implementation of the Proposed Renewal of Share Buy-Back Mandate, if and when the Company deems appropriate, would enable the Company to utilise its surplus financial resources to purchase SYF Shares at prices which the Board views as favourable. It is expected to stabilise the supply and demand of the SYF Shares traded on the Main Market of Bursa Securities and thereby support its fundamental value.

The Proposed Renewal of Share Buy-Back Mandate, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of SYF Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in SYF due to the increase in the Company's Earning Per Share ("EPS").

The Shares purchased can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

3. Accumulated retained profits and Share Premium

Based on the latest audited financial statements of the Company as at 31 July 2014, the Company's accumulated retained profits and share premium accounts were recorded at RM63,747,000 and RM16,805,000 respectively.

4. Funding

The Proposed Renewal of Share Buy-Back Mandate will be funded from internally generated funds and/ or bank borrowings or a combination of both. At present, the Board has not determined the proportion of internally generated funds of SYF Group and external borrowings to be utilised for the Proposed Renewal of Share Buy-Back Mandate. The proportion to be utilised will only be determined at the time of purchase(s), actual number of SYF Shares to be purchased, the price of SYF Shares and other cost factors.

In the event that borrowings are used for the Proposed Renewal of Share Buy-Back Mandate, the amount of borrowings will depend on the amount of SYF Shares to be purchased by the Company and the appropriate borrowing capacity of the Company. The Company's net cash flow may be affected to the extent of the interest costs associated with any borrowings. The Board will ensure that the Company is able to meet the repayment of such borrowings, if any.

5. Direct and Indirect Interest of the Directors' and Substantial Shareholders

Save for the proportionate increase in the percentage of shareholding and/or voting rights in their capacity as the Shareholders of the Company, pursuant to the Proposed Renewal of Share Buy-Back Mandate, none of the Directors, Substantial Shareholders and/or person connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate or resale of treasury shares.

The direct and indirect interest of the Directors and Substantial Shareholders of the Company as at 20 November 2014, being the latest practical date ("LPD"), are set out in the tables below together with the effect of the Proposed Renewal of Share Buy-Back Mandate assuming that SYF implements the Proposed Renewal of Share Buy-Back Mandate in full and all the shares so purchased are fully cancelled under the following scenarios:-

(i) Scenario 1

Assuming that the Proposed Renewal of Share Buy-Back Mandate is undertaken in full and that none of the outstanding 7,481,000 Employees' Share Option Scheme ("ESOS") options of the Company, which are exercisable as at the LPD, are exercised into new SYF Shares.

(ii) Scenario 2

Assuming that the Proposed Renewal of Share Buy-Back Mandate is undertaken in full and that all outstanding 7,481,000 ESOS options are exercised into SYF Shares.

Effects of the Proposed Renewal of Share Buy-Back Mandate on Directors' and Major Shareholders' Shareholdings

Scenario 1

	Numbers of Shares held as at LPD				After Proposed Renewal of Share Buy-Back Mandate			
	Direct	%^	Indirect	% ^	Direct	% #	Indirect	% #
Directors								
Dato' Sri Ng Ah Chai	157,638,100	51.76	-	-	157,638,100	57.36	-	-
Dato' Sri Chee Hong Leong, JP	33,578,300	11.03	-	-	33,578,300	12.22	-	-
Dr. Roslan bin A. Ghaffar	-	-	-	-	-	-	-	-
Datuk Mohamed Arsad bin Sehan	-	-	-	-	-	-	-	-
Foo Lee Khean	-	-	-	-	-	-	-	-
Cheong Yee Kiong	340,000	0.11	-	-	340,000	0.12	-	-
Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.03	-	-	27,500,000	10.01

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)

	Numbers of Shares held as at LPD				After Proposed Renewal of Share Buy-Back Mandate			
	Direct	%^	Indirect	% ^	Direct	% #	Indirect	% #
Substantial Shareholders								
Dato' Sri Ng Ah Chai	157,638,100	51.76	-	-	157,638,100	57.36	-	-
Dato' Sri Chee Hong Leong, JP	33,578,300	11.03	-	-	33,578,300	12.22	-	-
Insas Plaza Sdn Bhd	27,500,000	9.03	-	-	27,500,00	10.01	-	-
Insas Berhad*	-	-	27,500,000	9.03	-	-	27,500,000	10.01
Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.03	-	-	27,500,000	10.01

Notes:

^ Based on the issued and paid-up share capital (less treasury shares of 820,000) of 304,529,506 Shares as at LPD.

Based on the issued and paid-up share capital (less treasury shares of 30,534,951) of 274,814,555 Shares, under Scenario 1.

* Indirect interest pursuant to Section 6A of the Companies Act, 1965.

Scenario 2

	Numbers of Shares held as at LPD				(I) Assuming full exercise of the total outstanding ESOS options			
	Direct	%^	Indirect	% ^	Direct	% #	Indirect	% #
Directors								
Dato' Sri Ng Ah Chai	157,638,100	51.76	-	-	159,138,100	51.00	-	-
Dato' Sri Chee Hong Leong, JP	33,578,300	11.03	-	-	33,578,300	10.76	-	-
Dr. Roslan bin A. Ghaffar	-	-	-	-	-	-	-	-
Datuk Mohamed Arsad bin Sehan	-	-	-	-	-	-	-	-
Foo Lee Khean	-	-	-	-	-	-	-	-
Cheong Yee Kiong	340,000	0.11	-	-	1,780,000	0.57	-	-
Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.03	-	-	27,500,000	8.81
Substantial Shareholders								
Dato' Sri Ng Ah Chai	157,638,100	51.76	-	-	159,138,100	51.00	-	-
Dato' Sri Chee Hong Leong, JP	33,578,300	11.03	-	-	33,578,300	10.76	-	-
Insas Plaza Sdn Bhd	27,500,000	9.03	-	-	27,500,000	8.81		
Insas Berhad*	-	-	27,500,000	9.03	-	-	27,500,000	8.81
Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.03	-	-	27,500,000	8.81

	(II) After (I) and the Proposed Renewal of Share Buy-Back Mandate			
	Direct	% @	Indirect	% @
Directors				
Dato' Sri Ng Ah Chai	159,138,100	56.52		
Dato' Sri Chee Hong Leong, JP	33,578,300	11.93	-	-
Dr. Roslan bin A. Ghaffar	-	-	-	-
Datuk Mohamed Arsad bin Sehan	-	-	-	-
Foo Lee Khean	-	-	-	-
Cheong Yee Kiong	1,780,000	0.63	-	-
Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.77
Substantial Shareholders				
Dato' Sri Ng Ah Chai	159,138,100	56.52	-	-
Dato' Sri Chee Hong Leong, JP	33,578,300	11.93	-	-
Insas Plaza Sdn Bhd	27,500,000	9.77	-	-
Insas Berhad*	-	-	27,500,000	9.77
Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.77

Notes:

^ Based on the issued and paid-up share capital (less treasury shares of 820,000) of 304,529,506 Shares as at LPD.

Based on the issued and paid-up share capital (less treasury shares of 820,000) of 312,010,506 Shares, under Scenario 2.

@ Based on the issued and paid-up share capital (less treasury shares of 31,283,051) of 281,547,455 Shares, under Scenario 2.

* Indirect interest pursuant to Section 6A of the Companies Act,1965.

6. Potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Mandate

The potential advantages of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholders are as follows:-

(a) it allows the Company to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise the market price of SYF Shares and hence, enhance investors' confidence;

(b) if the Shares purchased are cancelled, the EPS of SYF Group will be enhanced and shareholders are likely to enjoy an increase in the value of their investment in the Company;

(c) the Company's share capital base will be reduced pursuant to the Proposed Renewal of Share Buy-Back Mandate , which may increase the likelihood of a higher dividend rate being declared in the future, if any; and

(d) if the Shares purchased are retained as treasury shares, it will provide the Board with an option to sell the Shares purchased at higher price and therefore make a gain for the Company. Alternatively, the Shares purchased can be distributed as share dividends to shareholders as a reward to the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholders are as follows:-

(a) reduction of the financial resources of the Company available for distribution to the shareholders of the Company in the foreseeable future;

(b) resultant opportunity costs for the Company as better investment opportunities may be foregone in the future with the reduction in financial resources of SYF Group available upon implementation of the Proposed Renewal of Share Buy-Back Mandate; and

(c) deprive SYF Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back Mandate. Further, if the Proposed Renewal of Share Buy-Back Mandate is financed via bank borrowings, SYF Group would have to service interest obligations.

Nevertheless, the Proposed Renewal of Share Buy-Back Mandate is not expected to have potential material disadvantages to the Company and shareholders, as it will be implemented only after careful consideration of the financial resources of SYF Group and its resultant impact.

The Board is mindful of the interest of the Company and shareholders and will be prudent with respect to the Proposed Renewal of Share Buy-Back Mandate.

7. Financial Effects of the Proposed Renewal of Share Buy-Back Mandate

The effects of the Proposed Renewal of Share Buy-Back Mandate have been illustrated based on the following scenario:-

(a) Share Capital

In the event that all the Shares purchased are cancelled and on the assumption that the Proposed Renewal of Share Buy-Back Mandate is undertaken in full, the proforma effects of the Proposed Renewal of Share Buy-Back Mandate on the issued and paid-up share capital of SYF are as follows:-

	Scenario 1 Numbers of Shares	**Scenario 2 Numbers of Shares**
Issued and paid-up share capital as at LPD	305,349,506	305,349,506
To be issued assuming full exercise of the total outstanding ESOS options	-	7,481,000
Resultant issued and paid-up share capital	305,349,506	312,830,506
Maximum number of SYF Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate (including 820,000 treasury shares held by the Company as at LPD).	30,534,951	31,283,051
Resultant Share Capital after cancellation of SYF Shares bought back	274,814,555	281,547,455

The implementation of the Proposed Renewal of Share Buy-Back Mandate will not have any effect on the share capital of SYF Group if the Shares purchased are retained as treasury shares.

(b) Net Assets ("NA")

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of SYF Group will decrease if the cost per Shares purchased exceeds the NA per Share of SYF Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of SYF Group at the relevant point in time, the NA per Share of SYF Group will increase.

In the case where the Shares purchased are treated as treasury shares and subsequently resold on the Main Market of Bursa Securities, the NA per Share of SYF Group upon the resale will increase if the Company realises a gain from the resale and *vice-versa*. If the treasury shares are distributed as share dividends, the NA of SYF Group will decrease by the cost of the treasury shares at the point of purchase.

(c) Working Capital

The Proposed Renewal of Share Buy-Back Mandate, as and when implemented, will reduce the working capital and cashflow of SYF Group, the quantum of which depends on, amongst others, the number of SYF Shares purchased and the purchase price(s) of SYF Shares.

For Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

(d) Earnings

The effects of the Proposed Renewal of Share Buy-Back Mandate on the consolidated earnings of SYF would depend on the purchase price and number of SYF Shares purchased as well as the effective funding cost to the Company in implementing the Proposed Renewal of Share Buy-Back Mandate.

The reduction in the number of SYF Shares applied in the consolidated EPS pursuant to the Proposed Renewal of Share Buy-Back Mandate may generally, all else being equal, have a positive impact on the consolidated EPS for the financial year when the Proposed Renewal of Share Buy-Back Mandate is implemented. Should the Shares purchased be resold, the extent of the impact to the earnings of SYF Group will depend on the actual selling price, the number of treasury shares resold, the effective funding cost and the gain or loss on the disposal, if any.

(e) Dividends

The Proposed Renewal of Share Buy-Back Mandate is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of SYF. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate.

8. Historical Share Prices

The monthly highest and lowest prices of SYF shares traded on Bursa Securities for the past twelve (12) months ended 20 November 2014 are as follows:-

	Highest (RM)	Lowest (RM)
2013		
November	0.610	0.580
December	0.580	0.550
2014		
January	0.625	0.550
February	0.645	0.580
March	0.700	0.600
April	0.765	0.635
May	0.885	0.700
June	1.320	0.870
July	1.250	1.150
August	1.300	1.040
September	1.210	1.060
October	1.160	0.950

The last transacted price of SYF Shares on 20 November 2014, being the LPD, was RM1.12
(Source: M & A Securities)

9. Implication of the Malaysian Code on Takeovers and Mergers 1998 ("the Code")

There is no implication arising from the provision of the Code to the Company if the Proposed Renewal of Share Buy-Back Mandate is carried out in full.

10. Purchase of Shares during the financial year ended 31 July 2014

During the financial year ended 31 July 2014, 810,000 Shares were purchased and there was no resale and cancellation of purchased Shares. Details of the Shares purchased by the Company during the financial year ended 31 July 2014 is disclosed in the Additional Compliance Statement pages 32 to 33 of the Annual Report 2014 of the Company.

As at LPD, the Company held a total of 820,000 treasury shares.

11. Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 28.07%. In implementing the Proposed Renewal of Share Buy-Back Mandate, the Company will ensure that the minimum public shareholding spread of twenty five percent (25%), pursuant to paragraph 12.14 of the Main Market Listing Requirements of Bursa Malaysia is complied with.

12. Directors' Statement/Recommendation

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Mandate, is of the opinion that it is in the best interest of the Company and therefore recommends the shareholders to vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming Nineteenth (19th) Annual General Meeting of the Company.

13. Other information

There is no other information concerning the Proposed Renewal that shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal and the extent of the risks involved in doing so.

Corporate Information

BOARD OF DIRECTORS

DATO' SRI NG AH CHAI
Executive Chairman & Chief Executive Officer

DATO' SRI CHEE HONG LEONG, JP
Executive Director

DATO' SRI THONG KOK KHEE
Non-Independent Non-Executive Director

DR. ROSLAN BIN A. GHAFFAR
Senior Independent Non-Executive Director

DATUK MOHAMED ARSAD BIN SEHAN
Independent Non-Executive Director

FOO LEE KHEAN
Independent Non-Executive Director

CHEONG YEE KIONG
Executive Director

DATO' WONG GIAN KUI
Alternate Director to Dato' Sri Thong Kok Khee

SECRETARIES

TAN TONG LANG
(MAICSA 7045482)

CHONG VOON WAH
(MAICSA 7055003)

REGISTERED OFFICE

Boardroom.com Sdn Bhd
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3080
Fax : 03-2279 3090

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL PLACE OF BUSINESS

Kawasan Perindustrian Sungai Lalang
Lot 971, Jalan Vill, Mukim Semenyih
43500 Semenyih
Selangor Darul Ehsan
Tel : 03-8723 4535
Fax : 03-8723 3500
Website : www.syf.com.my

AUDITORS

UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3088
Fax : 03-2279 3099

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : SYF
Stock Code : 7082

PRINCIPAL BANKERS

Public Bank Berhad
Bank of China (Malaysia) Berhad

Corporate Structure

成業資源有限公司
SYF RESOURCES BERHAD
(364372-H)

PROPERTY DEVELOPMENT

- 100% SYF DEVELOPMENT SDN BHD

MANUFACTURING

- 100% SENG YIP FURNITURE SDN BHD
- 100% TOMISHO SDN BHD
- 100% GREAT PLATFORM SDN BHD

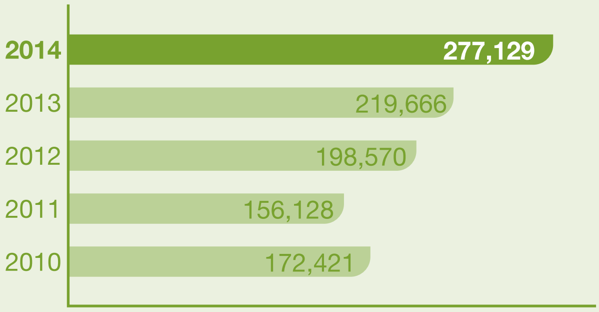
INVESTMENT HOLDING/ DORMANT

- 100% SYF VENTURE SDN BHD
- 100% SYF PLANTATION SDN BHD
- 100% SENG YIP TIMBER SDN BHD

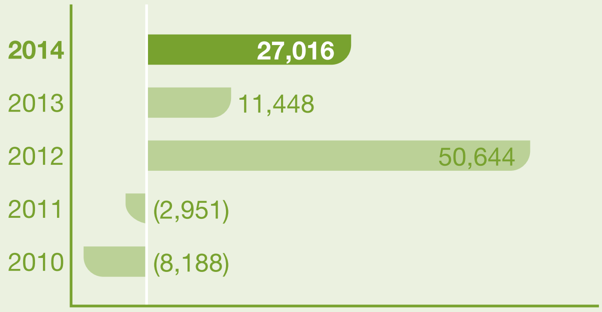
5-Year Financial Highlights And Indicators

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Revenue	277,129	219,666	198,570	156,128	172,421
E/(L)BITDA	38,572	20,378	58,426	12,122	5,304
Profit/(loss) before taxation	27,016	11,448	50,644	(2,951)	(8,188)
Profit/(loss) after taxation	21,698	11,855	50,718	(2,230)	(7,894)
Net profit/(loss) attributable to owners of the parent	21,698	11,855	50,718	(2,230)	(7,836)
Total assets	308,157	254,726	234,524	157,223	163,577
Total borrowings	60,865	48,631	34,747	101,963	104,172
Shareholders' equity	187,371	164,432	149,287	25,019	27,210
Return on equity (%)	12%	7%	34%	-9%	-29%
Return on total assets (%)	7%	5%	22%	-1%	-5%
Gearing ratio (times)	0.32	0.30	0.23	4.08	3.83
Earnings/(loss) per share - basic (sen)	7.9	4.4	23.0	(2.6)	(9.3)
Net assets per share (RM)	0.68	0.60	0.55	0.30	0.32

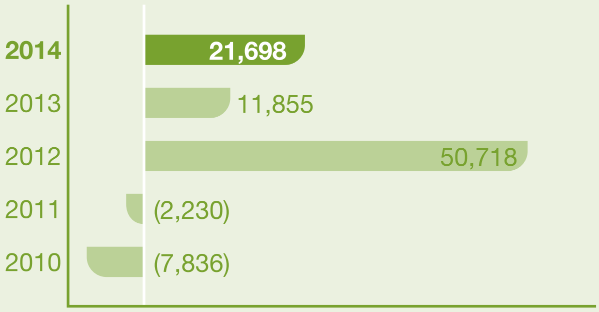
Revenue
(RM'000)



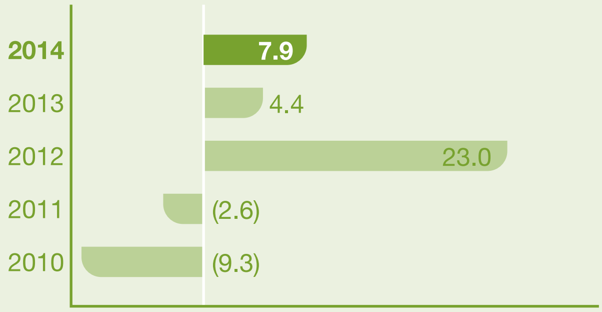
Profit/(loss) before taxation
(RM'000)



Net profit/(loss) attributable to owners of the parent
(RM'000)



Earnings/(loss) per share
(sen)



Profile Of Directors

DATO' SRI NG AH CHAI
Executive Chairman& Chief Executive Officer
Non-Independent/Executive, Malaysian

Dato' Sri Ng Ah Chai, aged 52, was appointed to the Board on 1 February 2001 and assumed the post of Group Managing Director of the Company on 4 August 2003. On 28 September 2005, he was re-designated as Executive Chairman and Chief Executive Officer.

His involvement in the timber trade began in 1985 when he started a saw milling business on a partnership basis. In 1991, he expanded his business into manufacturing tropical wood furniture for the local market. Ceasing the saw milling business in 1993, he co-founded Seng Yip Furniture Sdn Bhd ("Seng Yip") which started as a kiln drying and timber processing business. With his vast experience and leadership skill, Seng Yip expanded into manufacturing furniture components and semi-finished parts in 1995. Subsequently in 1998, he ventured into finished rubber wood furniture.

He is the Chairman of the ESOS Committee and Risk Committee of the Company.

He is a substantial shareholder of the Company with a direct shareholding of 157,638,100 ordinary shares of RM0.25 each in the Company besides his entitlement under the ESOS. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or substantial shareholder of the Company or any convictions for any offences within the past ten years. He is a major shareholder of Kiara Susila Sdn Bhd, which is jointly developing two property development projects with SYF Development Sdn Bhd, a wholly-owned sub-subsidiary of the Company. As such, he is a related party interested in the said transaction.

Apart from the said joint-venture, he has not entered into any other transaction which has a conflict of interest with the Company.

DATO' SRI CHEE HONG LEONG, JP
Executive Director
Non-Independent/Executive, Malaysian

Dato' Sri Chee Hong Leong, JP, aged 50, was appointed to the Board on 13 March 2003. He ceased to be a member of Audit Committee on 19 October 2011 and was re-designated as Executive Director on 2 December 2011. He graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989 both from McMaster University, Hamilton, Ontario, Canada. He began his career in 1990 coordinating the development in corporate and annual strategic plans for Leisure Holidays Group of Companies. In 1992, he ventured into various businesses which involved designing and building individual bungalows for landowners of various housing projects in the Klang Valley as well as building and operating a 100,000 sq. ft. Information Technology Incubation Centre in University Putra Malaysia. Subsequently, he joined Tanco Resort Berhad from 1998-2002 where he held various positions from General Manager to Executive Director/ Chief Operating Officer. Currently, he is the chairman of Kiara Susila Sdn Bhd, a property development company.

Presently, he is Chairman of the Remuneration Committee and a member of the ESOS Committee of the Company.

He is a substantial shareholder of the Company with a direct shareholding of 33,578,300 ordinary shares of RM0.25 each. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or substantial shareholder of the Company or any convictions for any offences within the past ten years. He is a director and major shareholder of Kiara Susila Sdn Bhd, which is jointly developing two property development projects with SYF Development Sdn Bhd, a wholly-owned sub-subsidiary of the Company. As such, he is a related party interested in the said transaction. Apart from the said joint-venture, he has not entered into any other transaction which has a conflict of interest with the Company.

Apart from the Company, he is a director of Priceworth International Berhad and SEG International Berhad.

Profile Of Directors
(Cont'd)

DATO' SRI THONG KOK KHEE
Director
Non-Independent/Non-Executive, Malaysian

Dato' Sri Thong Kok Khee, aged 60, was appointed to the Board on 26 June 2014 as a Non-Independent Non-Executive Director of the Company.

A graduate from the London School of Economics, UK, Dato' Sri Thong had worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore from October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division.

Currently, Dato' Sri Thong is the Executive Deputy Chairman cum Chief Executive Officer of Insas Bhd, and a Non-Independent Non-Executive Director of Inari Amertron Berhad, Omesti Berhad (formerly known as Formis Resources Berhad) and Ho Hup Construction Company Berhad.

He is a substantial shareholder of the Company with an indirect shareholding of 27,500,000 ordinary shares of RM0.25 each. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or major shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

DR. ROSLAN BIN A. GHAFFAR
Director
Senior Independent/Non-Executive, Malaysian

Dr. Roslan Bin A. Ghaffar, aged 62, was appointed to the Board on 5 September 2008 and was re-designated as senior independent non-executive director on 30 September 2013. He holds a Bachelor of Science degree from the Louisiana State University, Baton Rouge, USA and obtained his Ph.D. from University of Kentucky, Lexington, USA. He was attached to University Putra Malaysia as a Lecturer in 1984 and Associate Professor in 1991. In 1992-1993, he was with the University of Kentucky, Lexington as Visiting Professor. On various occasions while at the University Putra Malaysia, he had served as consultant to various international and national organizations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department. On 1 August 1994, Dr. Roslan was appointed as Director, Investment and Economic Research Department, Employees' Provident Fund ("EPF"). He was promoted to the position of Senior Director in 1996 and was Deputy Chief Executive Officer of the EPF from July 2002 until his retirement on 1 September 2007.

He is Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee of the Company.

He does not have any interest in the shares of the Company and its subsidiaries.

He has no family relationship with any other director and/or substantial shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

Dr. Roslan is also a Director of Cagamas Berhad.

FOO LEE KHEAN
Director
Independent/Non-Executive, Malaysian

Mr. Foo Lee Khean, aged 51, joined the Board on 15 October 2009. He is a Fellow of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. His professional career path has seen him gaining invaluable experience working with Coopers and Lybrand, Price Waterhouse, Arthur Andersen and Ernst & Young while specializing in corporate recovery, advisory and restructuring. In 2005, he left Ernst & Young as the director of corporate finance to join Strategic Capital Advisory Sdn Bhd where he is currently a director.

He is a member of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee of the Company.

Apart from the Company, Mr. Foo is an independent non-executive director of SMIS Corporation Berhad and Kumpulan Jetson Berhad. He is also a non-independent non-executive chairman of Systech Berhad.

He does not have any interest in the shares of the Company and its subsidiaries.

He has no family relationship with any other director and/or substantial shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

DATUK MOHAMED ARSAD BIN SEHAN
Director
Independent/Non-Executive, Malaysian

Datuk Mohamed Arsad bin Sehan, aged 61, was appointed to the Board on 19 October 2011. He holds a Bachelor of Economics (Statistics) degree from University of Malaya and was conferred the honourary award D.M.S.M by the State of Melaka which carries the title "Datuk". He had a long career of 31 years, from 1978 to 2009, in banking industry with Bank Bumiputra Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad. At Bank Kerjasama Rakyat Malaysia Berhad, he held various senior management positions including General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing and Division Head of Planning and Development and Corporate Services. He spent 7 years as Managing Director and Chief Executive Officer of a private limited company dealing in the manufacturing and supplying of standby power systems on secondment from Bank Kerjasama Rakyat Malaysia Berhad. Currently, he is the Executive Director of PureCircle Sdn Bhd, a Malaysian entity in the PureCircle global group of companies, the world's leading producer and supplier of high purity, high-intensity natural sweeteners and flavours made from stevia plant. Currently he is a council member of the Federation of Malaysian Manufacturers (FMM) and the chairman of FMM Negeri Sembilan branch.

He is a member of the Audit Committee and Nominating Committee.

Apart from the company, Datuk Arsad is an independent non-executive director and chairman of Bertam Alliance Berhad. He is also the chairman for both Koperasi Kakitangan Bank Kerjasama Rakyat Malaysia Berhad and Koperasi Kumpulan Professional Kuala Lumpur Berhad.

He does not have any interest in the shares of the Company and its subsidiaries.

He has no family relationship with any other director and/or substantial shareholder of the Company. Neither has he entered into any transaction which has a conflict of interest with the Company nor has he been convicted of any offence within the past ten years.

CHEONG YEE KIONG

Executive Director
Non-Independent/Executive, Malaysian

Mr. Cheong Yee Kiong, aged 53, is a professionally qualified accountant and a member of the Malaysian Institute of Accountants. He completed his professional studies at the Tunku Abdul Rahman College, graduating with a Diploma in Commerce (management accounting) in 1984 and completing the examinations of the Chartered Institute of Management Accountants.

He joined SYF in early 2003 as Financial Controller and eventually assumed the positions of Director of Finance and Company Secretary before joining the board of directors on 18 November 2008. During his career, he had gained experience in corporate and financial matters as financial controller with two other locally listed companies involved in construction and property development. Apart from that, he had also been a dealer's representative in the stockbroking industry.

He is a member of the Risk Committee of the Company.

He is a shareholder of the Company with a direct shareholding of 340,000 ordinary shares of RM0.25 each in the Company besides his entitlement under the ESOS. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or major shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

DATO' WONG GIAN KUI

Alternate Director to Dato' Sri Thong Kok Khee
Malaysian

Dato' Wong Gian Kui, aged 55, was appointed to the Board on 26 June 2014 as an alternate director to Dato' Sri Thong Kok Khee.

He is an accountant by profession and has been a member of the Malaysian Institute of Certified Public Accountants since 1985 and a member of the Malaysian Institute of Accountants since 1988. Dato' Wong had worked for Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991.

Currently, Dato' Wong is a Non-Independent Non-Executive Director of Insas Berhad and an Executive Director of Inari Amertron Berhad. Prior to this, he was an Executive Director of Insas Berhad from September 1992 to January 2009.

He has no family relationship with any other director and/or major shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and Company for the year ended 31 July 2014.

During the year, the furniture market was fairly stable with consistent demand particularly from the US where there were increasingly positive signs in their economic indicators. Together with the appreciation of the USD against the local currency, the local furniture industry reported better results.

The industry improvement was reflected in the Group's results for 2014 with revenue of RM277.1 million and profit after tax of RM21.7 million, a significant increase over the previous year's results.

FINANCIAL RESULTS

Group turnover of RM277.1 million was up by 26% from RM219.7 million previously. Profit after tax increased to RM21.7 million, higher by 83% from RM11.9 million last year.

All business segments showed better results with the furniture and materials division and property division both contributing to the Group's profitability. The boards segment however recorded a loss albeit a lower figure of RM1.0 million as compared to the loss of RM3.7 million in the previous year.

REVIEW OF OPERATIONS

In the furniture and materials division, we continued with the strategy of focusing on upstream activities to optimize the sourcing, utilization and conversion of raw materials into the various intermediate and finished products. Rubber wood material was actively sourced by procuring extraction rights for processing in our saw mills and factories. Although the cost of rubber logs was lower, we had to reduce the selling prices of our processed materials accordingly.

During the year, the appreciation of the USD against the local currency contributed to mitigate the impact of the minimum wage policy and the hike in electricity tariff. Our downstream furniture export segment focused on maintaining our customer base and to protect our market share.

In the boards segment, the first full financial year of operations was expended on resolving start-up and teething technical issues as well as the transfer of technical know-how from the machinery supplier to local staff. Efforts were also directed at developing marketing channels to penetrate the local market in order to build up sales volume. With the successful implementation of the first plant, we have initiated plans for a second production line which is targeted to commence production in mid-2015.

Chairman's Statement
(Cont'd)

Though the property market had softened, we were able to sell all 24 units of semi-detached factories known as Semenyih Hi-Tech 6 launched during the year. Construction works were actively carried out for this project and the earlier Hi-Tech 5 that had also been fully sold. Meanwhile, planning and technical approvals were being obtained for our next two projects, the mixed commercial/ residential Kiara Plaza in Semenyih and a residential project in Sungai Long.

CORPORATE EXERCISE

In order to raise funds for the Group's operating requirements, the Company carried out a private placement of 27,658,000 new ordinary shares issued at a price of RM1.05 to third party investors. This exercise was completed with the listing of the said shares on 21 August 2014.

PROSPECTS AND FUTURE OUTLOOK

The furniture market is expected to remain stable with the recovery in the US market. We will however continue to focus on our strength in materials processing to extract higher recovery of raw materials for our range of products. The planned addition of a second line in the boards segment forms part of this strategy. At the same time, we will explore higher value added products for part of our boards production capacity.

In property development, the softening of the market will affect the take-up rate of new project launches. In addition, the forthcoming implementation of goods and services tax may further affect purchasing power and consumer confidence. In recognizing these conditions, we have placed more emphasis on the planning and conceptualization stage in order to come up with the right product before launching our new projects.

We will review and formulate business strategies to meet the challenges of the market environment as well as pursue any other opportunities that may contribute to our continued growth.

BOARD CHANGES

I take the opportunity to thank Tan Sri Hii Chii Kok for his invaluable support and guidance during his tenure with us. To our new directors, Dato' Sri Thong Kok Khee and his alternate, Dato' Wong Gian Kui, I extend a warm welcome and look forward to their future contributions.

DIVIDEND

No dividend has been proposed during the year.

CONCLUSION

On behalf of the Board, I would like to thank all our customers, business associates, financiers, professional advisers and consultants and government agencies for their assistance and support.

I would also like to personally thank our shareholders for their investment and my fellow board members for their insights, guidance and advice.

Finally, my appreciation goes to the staff for their unfailing loyalty, dedication and commitment.

Thank you.

For and on Behalf of the Board

DATO' SRI NG AH CHAI
Executive Chairman & Chief Executive Officer

Corporate Governance Statement

INTRODUCTION

The Board of Directors ("the Board") of SYF Resources Berhad ("SYF" or "the Company") is committed towards achieving excellence in corporate governance and acknowledges that the prime responsibility lies with the Board. The Board is fully committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value and the performance of the Group.

The Malaysian Code on Corporate Governance ("the Code") aims to set out principles and best practices on structures and processes that companies may apply in their operations towards achieving the optimal governance framework. The Board reaffirms its support to the Code and in order to ensure that the best interests of shareholders and other stakeholders are effectively served, the Board continues to play an active role in improving governance practice and constantly monitors the development in corporate governance.

A. THE BOARD OF DIRECTORS

1. Board Charter

The Company has adopted a Board Charter which acts as a source of reference and primary induction literature in providing insights to the Board members and senior management. The Board Charter is made available at the Company's website at www.syf.com.my.

2. Composition of the Board

The Board consists of seven (7) members, comprising an Executive Chairman & Chief Executive Officer, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The composition of the Board thus complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. The combination of professionals with diverse and varied backgrounds and wealth of experience is vital for the continual success of the Group. The profile of the Directors is presented in pages 17 to 20 of the Annual Report.

On 26 June 2014, Dato' Sri Thong Kok Khee and his alternate, Dato' Wong Gian Kui were appointed as new board members of the Group.

The Board is satisfied that the current board composition fairly reflects the interests of all shareholders. The Board has identified the Senior Independent Non-Executive Director, Dr. Roslan Bin A. Ghaffar to whom concerns of shareholders and other stakeholders may be conveyed.

A clear division of responsibility between the executive directors and non-executive directors exists to ensure a balance of power and authority. The executive directors are responsible for the implementation of the Board's policies and decisions, monitoring the operations, managing the development and implementation of business and corporate strategies, as well as the running of the daily businesses. The non-executive directors are independent of management and free from any business relationship, which could materially interfere with their independent judgment. Their role is to provide independent view, advice and judgment to ensure a balanced and an unbiased decision making process as well as to safeguard the interest of public shareholders. As and when a potential conflict of interest arises, it is mandatory for the Directors concerned to declare their interests and abstain from the decision-making process. None of the independent directors' tenure has exceeded a cumulative term of nine (9) years.

3. **Board Responsibilities**

The Board has the overall responsibility for leading and controlling the Group, focusing mainly on the Group's strategic business plans, financial performance, critical business issues, risk management, systems of internal control and overseeing the investments and operations of the Group. Generally, the Board must ensure that the Company is being managed and its business conducted in accordance with the appropriate standards of accountability and transparency.

The Board, with their different background and specialization in various professional fields, collectively bring with them a broad range of experience, leadership and expertise to meet the ever increasing challenges in the business and operating environment. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to drive the Group in its activities.

In fostering the commitment of the Board that the Directors devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorship and such notification shall include an indication of time that will be spent on the new appointment.

4. **Board Meetings**

The Board meets at least once every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the annual report, business plans and to review the performance of the Company and its operating subsidiaries, governance matters and other business development activities.

Senior management and advisers may be invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items to enable the Board and its committees to arrive at a considered decision.

The Board met six (6) times during the financial year ended 31 July 2014. Details of each director's attendance for the financial year are as follows:

Name of Directors	Attendance
Dato' Sri Ng Ah Chai	5/6
Dr. Roslan Bin A. Ghaffar	6/6
Datuk Mohamed Arsad Bin Sehan	6/6
Foo Lee Khean	6/6
Dato' Sri Chee Hong Leong, JP	5/6
Cheong Yee Kiong	6/6
Tan Sri Hii Chii Kok @ Hii Chee Kok *(Resigned on 28 April 2014)*	2/4
Dato' Sri Thong Kok Khee *(Appointed on 26 June 2014)*	0/1
Dato' Wong Gian Kui *(Alternate Director to Dato' Sri Thong Kok Khee) (Appointed on 26 June 2014)*	0/1

5. **Supply of Information**

The Board has full and unrestricted access to all information pertaining to the business and affairs of the Group to enable them to discharge their duties effectively.

Prior to the Board or Board Committees meetings, each Board member is provided with an agenda together with the full set of written reports and supporting information, including operating results, review and analysis, board paper in relation to corporate proposals (if any), one week ahead of each Board meeting. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. In furtherance of their duties, the Directors also have direct access to the advice and services of the Company Secretary and may seek professional independent advice if deemed reasonable and necessary, at the expense of the Company.

The proceedings and resolutions reached at each Board meeting are recorded in the Minutes Book kept at the registered office. Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

All Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of their functions. The Directors may seek independent advice, where necessary, at the expense of the Company, so as to ensure they are able to make independent and informed decisions.

6. **Directors' Training**

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast of the developments in the economy, industry and technology, to effectively carry out their duties and responsibilities as directors in compliance with the the Main Market Listing Requirements of Bursa Securities ("LR"). The Board is regularly updated on new statutory and regulatory requirements relating to their duties and responsibilities as Directors.

All Directors have attended the Mandatory Accreditation Program ("MAP") prescribed by Bursa. The Board will continue to evaluate and determine the training needs of its Directors on an on-going basis. During the financial year under review, the Directors have attended various seminars and briefings covering areas which they have collectively or individually considered as useful in discharging their stewardship responsibilities.

Among the seminars and courses attended by the Directors of the Company during the financial year were:-

- GST Series for Specific Industries – Workshop 2: GST Impact on Manufacturing Industry
- GST Conference 2014
- Update on Labuan International Business & Financial Centre & How can the Group be benefited from the Labuan Structure?
- Goods and Services Tax Seminar
- Governance, Risk and Compliance – A Practical Approach to an Effective and Efficient Enterprise Risk Management and Corporate Governance Framework
- Economics and Capital Market 1: Forces Shaping Global Capital Markets

7. Appointments to the Board

The Nominating Committee ("NC") is responsible for recommending the right candidates with the necessary mix of skill, experience and competency to be appointed to the Board and Board Committees through a formal and transparent selection process. Upon appointment, new Directors are advised of their legal and statutory responsibilities .All Directors are also being regularly updated on new requirements affecting their responsibility and are constantly being reminded of their obligations.

The Company Secretary will ensure that all appointments are properly made and that legal and statutory obligations are met.

In general, the process for the appointment of directors to the Board is as follows:-

(i) The NC reviews the Board's composition through Board assessment/evaluation
(ii) The NC determines skills matrix
(iii) The NC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate
(iv) The NC recommends to the Board for appointment
(v) The Board approves the appointment of the candidates

The Board is aware of the gender diversity policy and targets as set out in the Code. However, the Board is of the view that the Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. Nevertheless, for any new proposed appointment of directors of the Company in future, the NC and the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity.

8. Re-election/Election

In accordance with the Company's Articles of Association, at the First Annual General Meeting ("AGM"), all Directors shall retire from office. At subsequent AGMs, all Directors shall retire from office at least once in every three (3) years by rotation and shall be eligible for re-election. The Director who is appointed to fill a casual vacancy or as an addition to the Board, the Director so appointed shall hold office until the next AGM and shall then be eligible for election. Pursuant to the LR, each member of the Board holds not more than five directorships in public listed companies.

9. Board Committees

The Board, in discharging its fiduciary duty, has delegated specific responsibilities to five (5) committees namely, Audit Committee, Nominating Committee, Remuneration Committee, Employees' Share Option Scheme ("ESOS") Committee and Risk Committee. These committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

(i) Audit Committee ("AC")

Composition of the AC, its terms of reference and a summary of its activities are set out on pages 37 to 40 of this Annual Report.

(ii) Nominating Committee ("NC")

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a NC which comprise exclusively of Independent Non-Executive Directors. The present members of NC are as follows:-

1. Dr. Roslan Bin A. Ghaffar - *Chairman, Senior Independent/Non-Executive Director*
2. Datuk Mohamed Arsad Bin Sehan - *Member, Independent/Non-Executive Director*
3. Foo Lee Khean - *Member, Independent/Non-Executive Director*

The NC shall comprise exclusively non-executive directors with a majority of independent directors. At a meeting of the NC, the quorum shall be two non-executive directors or the majority of members present must be independent non-executive directors.

The responsibilities of the NC are to identify skills and expertise that are relevant to the effective functioning of the Board, to review the Board structure and composition, and to select and propose suitable candidates for appointment to the Board. The NC also assesses the contribution and performance of each director and recommends to the Board to fill the seat in the respective committees. Besides, the NC also annually review its required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.

During the financial year ended 31 July 2014, the NC carried out the duties and responsibilities as set in terms of reference.

(iii) Remuneration Committee ("RC")

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a RC which would comprise a majority of independent non-executive directors. The present members of RC are as follows:-

1. Dato' Sri Chee Hong Leong, JP - *Chairman, Executive Director*
2. Dr. Roslan Bin A. Ghaffar - *Member, Senior Independent/Non-Executive Director*
3. Foo Lee Khean - *Member, Independent/Non-Executive Director*

The RC is authorized to review, assess and recommend to the Board the remuneration of the executive and non-executive directors in all forms, using other independent professional advice as necessary.

Aggregate remuneration of directors according to the successive band of RM50,000 is clearly stated, in compliance with Appendix 9C(11) of the Main Market Listing Requirements of Bursa Securities.

(iv) ESOS Committee

The ESOS Committee is primarily responsible for administering the Company's ESOS in accordance with the approved ESOS bylaws and regulations. The present members of the ESOS Committee are as follows:-

1. Dato' Sri Ng Ah Chai - *Chairman, Executive Chairman & Chief Executive Officer*
2. Dato' Sri Chee Hong Leong, JP - *Member, Executive Director*
3. Foo Lee Khean - *Member, Independent/Non-Executive Director*

(v) Risk Committee

Set up to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted, the committee (previously known as Risk Management Committee) reports to the AC and comprises the following members:-

1.	Dato' Sri Ng Ah Chai	*- Chairman, Executive Chairman & Chief Executive Officer*
2.	Cheong Yee Kiong	*- Member, Executive Director*
3.	Datin Sri Chee Ah Kuan	*- Member, General Manager Credit Control*
4.	Tseu Chin Foo	*- Member, General Manager (Materials Processing)*
5.	Lee Oon Kar	*- Member, Senior Manager (Finance)*

The primary task of the committee is to identify and assess the various risks inherent in its operating environment and review the adequacy of controls implemented to mitigate such risks.

B. DIRECTORS' REMUNERATION

The objective of the Group's remuneration policy, which is to be reviewed by the Remuneration Committee from time to time, is to attract, retain and motivate the Directors of the necessary calibre, expertise and experience to lead the Group. The remuneration awarded to the executive directors consists of salary, allowance, employer's contribution to the Employees Provident Fund, bonus, ESOS and other benefits whilst the non-executive directors' remuneration package includes directors' fees and allowances.

The details of the remuneration of the directors of the Company for the financial year under review are as follows:-

Aggregate remuneration of the Directors categorized into appropriate components:

	Fees (RM)	**Salaries and Other Emoluments (RM)**	**Benefits-in-kind (RM)**	**Total (RM)**
Executive Directors	-	1,630,807	51,950	1,682,757
Non-Executive Directors	114,000	-	-	114,000

The number of directors whose total remuneration fall within the following bands:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Below RM50,000	-	3
RM300,001 to RM350,000	1	-
RM450,001 to RM500,000	1	-
RM850,001 to RM900,000	1	-

C. SHAREHOLDERS

1. Relationship with Shareholders and Investors

The Company recognizes the importance of transparency and accountability in disclosure of the Group's business activities to its shareholders. The Board has maintained an effective communication policy that enables the Board to convey information with regard to the group's performance, corporate strategy and other matters that affect shareholders' interests.

This is achieved through timely announcements and disclosures made to Bursa during the financial year under review, including the release of financial results on a quarterly basis. In addition to various announcements made during the financial year, the Company's website, www.syf.com.my, allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

2. Annual General Meeting ("AGM")

The AGM represents the principal forum for dialogue with shareholders. Besides the usual agenda for the AGM, the Board encourages shareholders to participate through questions on the business activities of the Group. The Directors and external auditors are available to respond to questions from the shareholders during the meeting.

A full explanatory statement of the effects of the proposed resolutions will accompany each item of special business as mentioned in the notice of meeting.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibilities to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia. The AC assists the Board in scrutinizing information disclosed to ensure accuracy and completeness. The statement of directors' responsibilities in respect of the audited financial statements pursuant to the Listing Requirements of Bursa Securities is set out in the ensuing pages of this Annual Report.

2. Risk Management and Internal Control

The Company has in place the Risk Management and Internal Control system in order to achieve its objectives within an acceptable risk profile as well as to safeguard shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 34 to 36 of this Annual Report provides an overview of the state of risk management and internal control within the Group.

3. Relationship with Auditors

The Board through the AC has established a formal and transparent relationship with the external and internal auditors.

The role of the AC in relation to the external and internal auditors is explained in the AC Report as set out in this annual report.

E. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 July 2014, the Group has:

- Ensured compliance with the approved applicable accounting standards.
- Adopted and consistently applied appropriate accounting policies.
- Made estimates and judgments which are reasonable and prudent.

The Board is responsible for ensuring the proper maintenance of accounting records, disclosing with reasonable accuracy the financial position of the Group. In addition, the Board is responsible for taking reasonable steps to safeguard the assets of the Group and to detect as well as prevent fraud and other irregularities.

Additional Compliance Information

1. SHARE BUY-BACK

During the financial year under review, the Company purchased 810,000 ordinary shares of RM0.25 each of its issued share capital from the open market at an average cost of RM0.60 each. None of the shares purchased have been sold or cancelled.

Details were as follows:

Monthly Breakdown	No. of Shares Purchased Unit	Lowest Price Paid Per Share RM	Highest Price Paid Per Share RM	Average Cost Per Share RM	Total Consideration RM'000
August 2013	150,000	0.575	0.600	0.600	89
September 2013	306,400	0.590	0.600	0.600	183
October 2013	353,600	0.600	0.610	0.610	215
Total	810,000				487

As at 31 July 2014, the total number of treasury shares held was 820,000 ordinary shares of RM0.25 each.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised in respect of the financial year under review except a total of 5,724,000 share options were exercised pursuant to the Company's Employees' Share Option Scheme.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme for the financial year ended 31 July 2014.

4. SANCTIONS AND/OR PENALTIES

No sanctions and/or penalties were imposed on the Group, Directors or the Management by the relevant authorities during the financial year.

5. VARIATION OF RESULTS

There was no material variance between the audited results for the financial year ended 31 July 2014 and the unaudited results previously announced. The Company did not release any profit estimate, forecast or projection for the financial year.

6. PROFIT GUARANTEE

There was no profit guarantee given by the Group.

7. NON-AUDIT FEES

There were no non-audit fees paid to the Company's external auditors during the financial year under review except RM3,000 paid for review of the statement of risk management and internal control.

8. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies involving directors' and major shareholders' interests still subsisting at the end of the financial year or entered into since the end of the previous financial year except for two joint venture agreements dated 15 November 2011 with a group of companies in which the Executive Chairman & Chief Executive Officer and an Executive Director are substantial shareholder and director:-

1. to jointly develop a piece of land into an industrial area consisting of industrial lots known as "Semenyih Hi-Tech 5" with an approximate development profit of RM18.8 million; and

2. to jointly develop a piece of land into a commercial center comprising amongst others, shophouses and serviced apartments known as "Kiara Plaza" with an approximate development profit of RM25.0 million.

9. UTILISATION OF PROCEEDS

On 21 August 2014, the Company completed its Private Placement exercise with the listing and quotation of 27,658,000 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad.

The status of utilisation of proceeds from the Private Placement up to 30 November 2014 is as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
Repayment of bank borrowings	19,000	19,000	Within 6 months
Working capital	3,391	3,391	Within 12 months
Partially finance the construction of factory building	6,000	1,440	Within 12 months
To defray expenses relating to the private placement	650	702	Within 3 months
Total	29,041	24,533	

10. RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions during the financial year under review.

Statement On Risk Management And Internal Control

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets.

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of SYF is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 July 2014, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable and not absolute assurance, against material misstatement or loss.

The Group had in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is regularly reviewed by the Board, which dedicates time for discussion on this subject.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that they are adequate and effective. Furthermore, the Board has obtained assurances from the Chief Executive Officer and the director primarily responsible for the management of the financial affairs that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

INTERNAL CONTROL PROCESSES

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control are as follows:

(a) The Group's internal audit function reports to the Audit Committee. The Audit Committee, on behalf of the Board, reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal auditors, the external auditors and the management.

(b) An accounting system which ensures that all financial transactions are correctly recorded, collated and consolidated into the monthly and quarterly management financial statements, allowing management to focus on areas of material change. A data backup system is in place to ensure recovery of information in the event of untoward incidents.

(c) Investment decisions are documented and approved by the Board for the acquisition or disposal of business operations, acceptance of projects, application of capital expenditure and approval on borrowings.

(d) Staff recruitment goes through a process and there is a performance appraisal system as well as training and development programs in place to achieve the objective of ensuring staff are competent to carry out their duties and responsibilities.

(e) The Audit Committee and the Board monitor and review the Group's performance and financial results at their quarterly meetings; and

(f) Authority limits are defined for board members and senior management within an appropriate organisation structure.

The above processes serve to ensure that there is a platform for the timely identification, evaluation and management of significant risks affecting the business.

RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of risk management and as such a Risk Committee, chaired by the Executive Chairman/ Chief Executive Officer, has been tasked to identify, evaluate and develop controls to manage the key risks inherent in the Group's operations and business environment.

In performing its role, the committee carries out periodic reviews of the various risks and controls in consultation with the respective management staff involved including but not limited to the following areas:-

a) External – Economic conditions, industry competition, technology changes.

b) Regulatory – Changes in laws and regulations, non-compliance with statutory requirements including securities and exchange requirements.

c) Financial – Borrowings, forex fluctuation, credit control, budgetary control, fraud.

d) Corporate governance – Unauthorised or inappropriate press statements, communication of corporate mission, strategic plans to management staff.

e) Customers – Customer service, relationship management, loss of key customers, customer preference.

f) Products – Product knowledge, quality control.

g) Suppliers – Shortage of raw material, timely delivery, quality.

h) Operations – Increasing cost of production, use of illegal software, IT system breakdown, fire prevention, security, machinery breakdowns.

i) Human capital - Staff turnover, succession planning, illegal foreign workers.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent consulting firm, Raja Salleh, Lim & Co to review the adequacy and integrity of its system of internal control on a systematic and cyclic basis. The independent consulting firm acts as the internal auditor and reports directly to Audit Committee. The professional fee incurred for the internal audit function in respect of the financial year was RM13,000.

The Audit Committee and the management will continue to work closely with the outsourced internal audit function to review the internal control issue to ensure that significant issues are brought attention of the Board.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA"). Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the financial year under review, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's risk management and internal control system and to strengthen it, as and when necessary. This statement is made in accordance with the resolution passed by the Board dated 9 December 2014.

Audit Committee Report

The principal objective of the Audit Committee ("AC") is to assist the Board of Directors in discharging its statutory responsibilities relating to the areas of corporate governance, systems of internal control, risk management and financial reporting of the Group.

MEMBERS

The AC comprises the following members whose attendance record at the five (5) AC meetings held during the financial year under review is as follows:-

	Number of meetings attended
Chairman	
Dr. Roslan Bin A. Ghaffar *(Senior Independent Non-Executive Director)*	5/5
Members	
Datuk Mohamed Arsad Bin Sehan *(Independent Non-Executive Director)*	5/5
Foo Lee Khean *(Independent Non-Executive Director)*	5/5

SUMMARY OF ACTIVITIES OF THE AC

During the financial year under review, the AC undertook the following activities:

1. Review of the unaudited quarterly reports on the consolidated results of the Group prior to submission to the Board for its approval before the quarterly announcements to Bursa Malaysia Securities Berhad ("Bursa Securities") were made.
2. Review of the audit plan as proposed by the external auditors, in terms of the nature and extent of the audit procedures, significant accounting and audit issues, impact of new or proposed changes in the accounting standards and any other regulatory requirements.
3. Review of the audit plans of the internal auditor for the financial year under review.
4. Review of the year-end financial statements together with external auditors' report in relation to their audit findings and the accounting issues arising from the audit of the Company's and of the Group's annual financial results before submitting its recommendation to the Board for approval.
5. Review of pertinent issues raised by the internal auditor.
6. Review of the terms of related party transactions and recurrent related party transactions, if any, entered into by the Group.
7. Review of the Group's proposed corporate exercise.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The internal audit function is outsourced and independent of the operations of the Group. It provides reasonable assurance that the Group's system of internal control is satisfactory and operating efficiently. The internal auditor adopts a risk-based approach towards the planning and conduct of audits that are consistent with the Group's framework in designing, implementing and monitoring of its internal control system.

Upon completion of the audits, the internal auditor is to closely monitor the implementation progress of the recommendations made in order to assure that Management has duly addressed all major risks and control issues. All audit reports on the results of work undertaken together with the recommended action plans and the implementation status were presented to the Management and the Committee. A number of internal control weaknesses were identified during the financial year, all of which have been appropriately addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The internal audit function is currently outsourced to the firm of Raja Salleh, Lim & Co.

REVIEW OF SHARE OPTION SCHEME

The AC was satisfied that the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") was in compliance with the criteria set out in the ESOS ByLaws and approved by the ESOS Committee. The details of the ESOS are disclosed in the director's interest in the Directors' Report and note 29 to the Financial Statements.

TERMS OF REFERENCE OF THE AC

Membership

The Board shall elect the AC members from amongst themselves, comprising no fewer than three (3) directors all of whom shall be non-executive. In addition, the majority of the AC members shall be Independent Directors as defined under the Main Market Listing Requirements of Bursa Securities.

Each member of the AC shall serve for a term of two (2) years and may be re-nominated and re-appointed by the Board. An alternate director shall not be appointed as a member of the AC.

At least one member of the AC:-

i. shall be a member of the Malaysian Institute of Accountants ("MIA"); or

ii. if not a member of the MIA, the member shall have at least three years' working experience and:
   (a) shall have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   (b) shall be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

iii. fulfills such other requirements as prescribed or approved by Bursa Securities.

When the number of members falls below three for whatever reason, the Board shall, within three (3) months of that event, appoint new members as may be required to make up the minimum of three (3) members.

The Chairman of the AC, elected from amongst the AC members, shall be an Independent Director.

Meetings and Minutes

Meetings shall be held at least four (4) times a year. However, additional meetings may be called at any time, at the discretion of the Chairman of the AC.

The AC shall also, at least once a year or whenever deemed necessary, meet with the external auditors and internal auditors without any executive officer of the Group being present. The auditors, both internal and external, may request a meeting if they consider that one is necessary.

Attendance of meetings by other Directors or Senior Management of the Company shall be at the AC's invitation and discretion.

Prior to each meeting, each AC member is provided with an agenda and the supporting information including operating results and review, pertaining to the items of the agenda. This is issued in sufficient time to enable the members to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

A quorum consists of two (2) members present and a majority of whom must be Independent Directors.

In the event of equality of votes, the Chairman of the AC shall have a casting vote (except where only two (2) members are present at the meeting). In the absence of the Chairman of the AC, the members present shall elect one of them to chair the meeting.

The Company Secretary shall act as secretary to the AC. Minutes of each meeting shall be distributed to each Board member, and the Chairman of the AC shall report on key issues discussed at each meeting to the Board.

Duties and Responsibilities

The roles and responsibilities of the AC shall be, amongst others:-

1. To do the following in relation to the external audit function:-

    i. Consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal.

    ii. Discuss with external auditors before the audit commences, the nature and scope of audit and ensure co-ordination where more than one (1) audit firm is involved.

    iii. Discuss issues, problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of the management, where necessary).

    iv. Review the system of internal control of the Company with the external auditors, their management letters and the management's response.

    v. Assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

    vi. Set policy on non-audit services which may be provided by the external auditors, and conditions and procedures which must be adhered to by the external auditors in the provision of such services.

    vii. Approve non-audit services provided by external auditors.

2. To do the following in respect of the internal audit function:-

    i. Review the adequacy of the scope, functions and resources of the internal auditors, and that it has necessary authority to carry out its work;

    ii. Review the internal audit plan and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditors.

3. To do the following in respect of the internal control function:-

    i. Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.

    ii. Assist the Board in identifying the principal risks in the achievement of the Company's goals and ensuring the implementation of appropriate systems to manage these risks.

    iii. To review the reports of the Risk Committee in relation to the adequacy and integrity of the Group's internal control system.

4. Review the quarterly results and year-end financial statements, prior to approval by the Board, focusing on:-

    i. The going concern assumption.

    ii. Any changes in or implementation of major accounting policy.

    iii. Significant and unusual events arising from the audit.

    iv. Compliance with accounting standards established by professional bodies and other legal requirements.

5. Review any Related Party Transactions (including Recurrent Related Party Transaction) and conflict of interest situation that may arise with the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

6. To review the allocation of the Employees' Share Option Scheme ("ESOS") to ensure that it is in compliance with the criteria as approved by the ESOS Committee and the bylaws of the ESOS.

7. Any other function as may be required by the Board from time to time.

Corporate Social Responsibility

The Group sees Corporate Social Responsibility (CSR) as integral to the sustainability of the business. As a responsible business entity, the Group has embedded the principles of CSR in day-to-day operations. Sustainable and ethical ways of doing business have been at the core of the Group's initiatives.

ENVIRONMENT

The Group is accountable for the impact of its business operations on the environment. We constantly review and monitor our operations to make positive contribution to the environment, economic and social wellbeing of our stakeholders, employees and the broader community.

At all our manufacturing and operating facilities, machinery and equipment are maintained in good working order to ensure minimal emission and environmental impact and wastes are disposed of in a proper and compliant manner. In our efforts to conserve water at our main manufacturing facility, we use water pumped from the nearby river for cleaning and utility purposes at our factories. We are also committed to be in compliance with the relevant laws relating to sustainable forestry, emission and plant effluent management.

In the office, staff is encouraged to recycle used papers for internal office use, set power save mode for desktops and notebooks, switch off air-conditioning and lights during lunch time and after office hours.

WORKPLACE

As employees are the Group's most valuable asset, the Group places high emphasis on its development and encourages the employees to improve themselves through training and seminars at all levels. Apart from that, the Group considers health and safety management to be equally as important as other management functions. It is the management's responsibility to provide the framework to promote, stimulate and encourage the highest standard of safety and health at work. All employees, visitors including sub-contractors and workers must ensure that the Group's safety and health regulations are complied with and work towards achieving a healthy and safe working environment.

Towards this, the occupational safety and health committee carries out various activities throughout the year including fire drills, maintenance of firefighting equipment and electrical installations, regular training of the in-house firefighting squad and security team, organizing activities and training of workers in areas such as first aid, safety training on handling of machinery and forklift. In addition, the emergency response team and standard procedures are in place to deal with any untoward incidents.

MARKETPLACE

The Group will continue with its effort to enhance shareholder's value and this is reflected by the Group's past 3 years profit track record.

We believe in conducting business fairly, impartially and in full compliance with all laws and regulations. Honesty and integrity underlie all of our relationships, including those with customers, vendors, contractors, the business community at large and among employees.

The Group is committed to produce quality products to customers and ensure minimal disruption in the supply of goods to the customers.

We are also fully supportive of local suppliers for a vast majority of the materials used in our production.

COMMUNITY

The Group continues its social roles to support the community by contributing to several needy and charitable organizations through donations. Employees are encouraged and supported to actively participate in social work and community service.

On a regular basis, the Group accommodates study tours and field trips organised by various institutions to its production facilities besides providing practical training opportunities for college and university students to enable them to fulfill their academic requirement.

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 20 NOVEMBER 2014

SHAREHOLDINGS STATISTICS

Authorised Share Capital	:	RM200,000,000.00 divided into 800,000,000 ordinary Shares of RM0.25 each
Issued and Fully Paid-Up Share Capital	:	RM76,337,376.50 divided into **305,349,506 (including 820,000 treasury shares)** ordinary Shares of RM0.25 each
Class of Shares	:	Ordinary Shares of RM0.25 each
Total No. of Shareholders	:	2,653
Voting Rights		
- On Show of Hand	:	One vote
- On a Poll	:	One vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	% of Shares
Less than 100	8	248	0.000
100 to 1,000	751	707,398	0.232
1,001 to 10,000	1213	6,381,200	2.095
10,001 to 100,000	552	19,220,660	6.312
100,001 to less than 5% of issued shares	127	146,047,300	47.958
5% and above of issued shares	2	132,172,700	43.403
Total*	**2,653**	**304,529,506**	**100.000**

Note: * Excluding a total of 820,000 Ordinary Shares bought back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 NOVEMBER 2014

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders (excluding bare trustees) of the Company:-

		Direct Shareholdings		Indirect Shareholdings	
	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Dato' Sri Ng Ah Chai	157,638,100	51.76	-	-
2.	Dato' Sri Chee Hong Leong, JP	33,578,300	11.03	-	-
3.	Insas Plaza Sdn Bhd	27,500,000	9.03	-	-
4.	Insas Berhad*	-	-	27,500,000	9.03
5.	Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.03

Note: * Indirect Interest pursuant to Section 6A of the Companies Act, 1965.

STATEMENT ON DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER REGISTER OF DIRECTORS AS AT 20 NOVEMBER 2014

DIRECTORS' SHAREHOLDINGS

	Name	Direct Shareholdings No. of Shares	Direct Shareholdings % of Shares	Indirect Shareholdings No. of Shares	Indirect Shareholdings % of Shares
1.	Dato' Sri Ng Ah Chai	157,638,100	51.76	-	-
2.	Dato' Sri Chee Hong Leong, JP	33,578,300	11.03	-	-
3.	Dato' Sri Thong Kok Khee*	-	-	27,500,000	9.03
4.	Cheong Yee Kiong	340,000	0.11	-	-
5.	Dr. Roslan bin A. Ghaffar	-	-	-	-
6.	Datuk Mohamed Arsad bin Sehan	-	-	-	-
7.	Foo Lee Khean	-	-	-	-

Note: * Indirect Interest pursuant to Section 6A of the Companies Act, 1965.

THIRTY LARGEST SHAREHOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 20 NOVEMBER 2014

	Name	No. of Shares	% of Shares
1.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (1ST PARTY)*	104,672,700	34.37
2.	INSAS PLAZA SDN BHD	27,500,000	9.03
3.	BANK KERJASAMA RAKYAT MALAYSIA BERHAD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	12,500,000	4.10
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (CEB)*	12,000,000	3.94
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (8103749)*	9,000,000	2.96
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	8,113,500	2.66
7.	HSBC NOMINEE (ASING) SDN BHD *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)*	8,000,000	2.63
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	6,000,000	1.97
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	5,578,300	1.83
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR DATO' SRI NG AH CHAI (M73113)*	5,500,000	1.81

Analysis Of Shareholdings
(Cont'd)

THIRTY LARGEST SHAREHOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 20 NOVEMBER 2014 (CONT'D)

	Name	No. of Shares	% of Shares
11.	KUMPULAN WANG SIMPANAN GURU-GURU	5,000,000	1.64
12.	JF APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)*	4,955,700	1.63
13.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	4,000,000	1.31
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (MARGIN)*	4,000,000	1.31
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (100426)*	3,923,800	1.29
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (001)*	3,000,000	0.99
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	2,800,000	0.92
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK (MARGIN)*	2,768,900	0.91
19.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	2,228,100	0.73
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR DATO' SRI CHEE HONG LEONG, JP (MY1830)*	2,000,000	0.66
21.	LEE KAY HUAT	1,959,500	0.64
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK*	1,645,400	0.54
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HII SIEW HEE*	1,563,500	0.51
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KRIZIK (MALAYSIA) SDN BHD*	1,500,000	0.49
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ZULKIFLI BIN ISMAIL (MARGIN)*	1,500,000	0.49
26.	CHEE KOK CHAN	1,480,400	0.49
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK*	1,149,900	0.38
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURTIES ACCOUNT FOR NG AIK HOOI*	1,143,800	0.38
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KNGA SML CAP FD)*	1,000,000	0.33
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIEW BOON YEONG (021)*	1,000,000	0.33

List Of Properties
As At 31 July 2014

Owner, Title/Location	Tenure	Approx. Age (Years)	Description/ Existing Use	Size (Sq ft.)	NBV @ 31.07.14 RM'000	Year of Revaluation/ Acquisition
Seng Yip Furniture Sdn Bhd Lot 971, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	18	Land, office, factory and warehouse	413,820	24,326	2012
Seng Yip Furniture Sdn Bhd Lot 1224, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	18	Land, factory and warehouse	120,473	7,415	2012
Seng Yip Furniture Sdn Bhd Lot 1225, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	14	Land, factory and warehouse	120,516	7,950	2012
Seng Yip Furniture Sdn Bhd Lot 1338, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	21	Land, factory and warehouse	123,929	5,553	2012
Seng Yip Furniture Sdn Bhd Lot 974, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	9	Land, factory and warehouse	853,956	41,670	2012
Seng Yip Furniture Sdn Bhd Lot 739, Pekan Nilai Jalan Zamrud Nilai Industrial Park II 71800 Nilai Negeri Sembilan	Leasehold Expiring on 01.11.89	7	Land, factory and warehouse	191,976	5,422	2012
Seng Yip Furniture Sdn Bhd Lot 4660 Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.89	2	Land and factory	90,492	1,128	2013
Seng Yip Furniture Sdn Bhd Lot 4654 & 4655, Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.89	1	Land, factory and warehouse	167,415	3,357	2014

List Of Properties
As At 31 July 2014 (Cont'd)

Owner, Title/Location	Tenure	Approx. Age (Years)	Description/ Existing Use	Size (Sq ft.)	NBV @ 31.07.14 RM'000	Year of Revaluation/ Acquisition
Tomisho Sdn Bhd Lot 44711, Mukim Kapar Jalan Kapar, 42200 Klang Selangor	Freehold	10	Land, office, factory and warehouse	98,131	3,869	2013
SYF Plantation Sdn Bhd Lot 376, Phase 1 Lestari Perdana 43300 Seri Kembangan Selangor	Leasehold Expiring on 13.03.96	6	Vacant land	8,008	250	2009
Great Platform Sdn Bhd Lot PT 1150, Mukim Gemas Daerah Tampin Negeri Sembilan	Freehold	2	Land, office, factory and warehouse	563,882	16,108	2013
Great Platform Sdn Bhd Lot 7056, Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.94	1	Vacant land	281,692	2,134	2014



Financial Statements

Directors' Report

The Directors have pleasure to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2014.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year		
- Attributable to owners of the parent	21,698	30,381

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM68,281,000 to RM69,145,000 by the issuance of 3,455,000 new ordinary shares of RM0.25 each for cash arising from exercise of Employees' Share Options at a price of RM0.50 per ordinary share.

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

There were no issues of debentures during the financial year.

TREASURY SHARES

The Company has obtained its shareholders' approval to purchase up to 10% of its issued and paid up share capital of the Company at the Annual General Meeting held on 13 January 2014.

During the financial year, the Company repurchased 810,000 ordinary shares of RM0.25 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.60 per share. The total consideration paid for the repurchase was amounting to RM486,698. The repurchased transactions were financed by internally generated funds. The shares repurchased were held as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 July 2014, the Company held 820,000 treasury shares out of the total 276,580,506 issued ordinary shares. Further relevant details are disclosed in Note 16(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

EMPLOYEES' SHARE OPTION SCHEME

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 1 March 2012. At all times, the ESOS shall not exceed 15% of the issued share capital and shall be granted to eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years until 8 May 2017.

The salient features and other terms of the ESOS are disclosed in Note 29 to the financial statements.

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

WARRANTS

The total number of warrants that remain unexercised as at 31 July 2013 was 35,358,171. The warrants expired on 30 September 2013 and were delisted on 1 October 2013.

DIRECTORS

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

Dato' Sri Ng Ah Chai	
Dato' Sri Chee Hong Leong, JP	
Dr. Roslan Bin A. Ghaffar	
Datuk Mohamed Arsad Bin Sehan	
Cheong Yee Kiong	
Foo Lee Khean	
Dato' Sri Thong Kok Khee	(Appointed on 26.06.2014)
Dato' Wong Gian Kui (Alternate Director to Dato' Sri Thong Kok Khee)	(Appointed on 26.06.2014)
Tan Sri Hii Chii Kok @ Hii Chee Kok	(Resigned on 28.04.2014)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.25 each			
	At 1.8.2013	Acquired	Disposed	At 31.7.2014
SYF Resources Berhad				
Direct Interest				
Dato' Sri Ng Ah Chai	66,108,400	108,029,700	(16,500,000)	157,638,100
Dato' Sri Chee Hong Leong, JP	33,578,300	-	-	33,578,300
Cheong Yee Kiong	3,340,000	-	(3,000,000)	340,000
Indirect Interest				
* Dato' Sri Thong Kok Khee	-	27,500,000	-	27,500,000

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

By virtue of their interest in the shares of the Company, Dato' Sri Ng Ah Chai, Dato' Sri Chee Hong Leong, JP, Cheong Yee Kiong and Dato' Sri Thong Kok Khee are also deemed to have interests in the shares of all the subsidiary companies to the extent the Company has an interest.

	Number of options over ordinary shares of RM 0.25 each (ESOS)			
	At 1.8.2013	Granted	Exercised	At 31.7.2014
SYF Resources Berhad				
Direct Interest				
Dato' Sri Ng Ah Chai	1,500,000	-	-	1,500,000
Cheong Yee Kiong	1,440,000	-	-	1,440,000

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

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION

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

    (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance for doubtful debts had been made and all known bad debts had been written off; 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 render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

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

(e) In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 July 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature, occurred in the interval between the end of the financial year and the date of this report.

SIGNIFICANT EVENT

The significant event is disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 35 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 October 2014.

DATO' SRI NG AH CHAI

CHEONG YEE KIONG

KUALA LUMPUR

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 57 to 129 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 130 to the financial statements has been compiled 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 October 2014.

DATO' SRI NG AH CHAI

CHEONG YEE KIONG

KUALA LUMPUR

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

I, LEE OON KAR, being the officer primarily responsible for the financial management of SYF RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 57 to 130 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 30 October)
2014)

LEE OON KAR

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report
To The Members Of SYF Resources Berhad
(Company No: 364372-H) (Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of SYF Resources Berhad, which comprise the statements of financial position as at 31 July 2014 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 financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 57 to 129.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 130 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

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

KUALA LUMPUR

30 October 2014

Statements Of Financial Position
As At 31 July 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	172,568	157,648	-	-
Investment in subsidiary companies	5	-	-	64,579	50,079
Deferred tax assets	6	700	700	-	-
		173,268	158,348	64,579	50,079
Current Assets					
Land and property development costs	7	20,935	6,516	-	-
Inventories	8	65,321	56,802	-	-
Trade receivables	9	16,169	11,387	-	-
Other receivables	10	25,782	18,403	37	-
Derivative financial assets	11	700	-	-	-
Amount owing by subsidiary companies	12	-	-	84,851	71,238
Tax recoverable		1	31	-	-
Fixed deposits with a licensed bank	13	-	221	-	-
Cash and bank balances	14	5,981	3,018	284	180
		134,889	96,378	85,172	71,418
Total Assets		308,157	254,726	149,751	121,497
EQUITY AND LIABILITIES					
Equity					
Share capital	15	69,145	68,281	69,145	68,281
Reserves	16	118,226	96,151	80,058	49,300
Total Equity		187,371	164,432	149,203	117,581
Non-Current Liabilities					
Hire purchase payables	18	1,217	927	-	-
Bank borrowings	19	27,071	18,721	-	-
Deferred tax liabilities	6	10,839	8,938	-	-
		39,127	28,586	-	-

Statements Of Financial Position
As At 31 July 2014 (Cont'd)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current Liabilities					
Trade payables	20	23,899	19,916	-	-
Other payables	21	22,404	11,814	548	357
Derivative financial liabilities	11	-	777	-	-
Amount owing to a subsidiary company	12	-	-	-	3,559
Hire purchase payables	18	599	374	-	-
Bank borrowings	19	31,978	28,609	-	-
Tax payable		2,779	218	-	-
		81,659	61,708	548	3,916
Total Liabilities		120,786	90,294	548	3,916
Total Equity and Liabilities		308,157	254,726	149,751	121,497

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

Statements Of Comprehensive Income
For The Financial Year Ended 31 July 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	22	277,129	219,666	20,080	80
Cost of sales	23	(234,565)	(195,532)	-	-
Gross profit		42,564	24,134	20,080	80
Other income		2,461	4,110	11,500	16,230
Distribution expenses		(7,962)	(5,590)	-	-
Administrative expenses		(6,416)	(8,604)	(1,199)	(1,659)
Finance costs	24	(3,631)	(2,602)	-	-
Profit before taxation	25	27,016	11,448	30,381	14,651
Taxation	26	(5,318)	407	-	(39)
Net profit for the financial year		21,698	11,855	30,381	14,612
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
- Revaluation of leasehold land, freehold land and buildings	4	-	2,620	-	-
Items that are or may be reclassified to profit or loss					
- Deferred tax liabilities relating to components of other comprehensive income	6	-	(457)	-	-
		-	2,163	-	-
Total comprehensive income for the financial year		21,698	14,018	30,381	14,612

Statements Of Comprehensive Income
For The Financial Year Ended 31 July 2014 (Cont'd)

	Note	Group 2014 RM'000	2013 RM'000
Net profit for the financial year attributable to:			
Owners of the parent		21,698	11,855
Total comprehensive income for the financial year attributable to:			
Owners of the parent		21,698	14,018
Earnings per share attributable to owners of the parent (sen)	27		
Basic		7.9	4.4
Fully diluted		7.8	4.3

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

Statements Of Changes In Equity
For The Financial Year Ended 31 July 2014

	Note	Share Capital RM'000	Share Premium RM'000	Treasury Share RM'000	Assets Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
		Attributable to Owners of the Parent					
		Non-Distributable				Distributable	
Group							
At 1 August 2012		67,714	15,374	-	38,169	28,030	149,287
Net profit for the financial year		-	-	-	-	11,855	11,855
Other comprehensive income for the financial year		-	-	-	2,163	-	2,163
Total comprehensive income for the financial year		-	-	-	2,163	11,855	14,018
Realisation of assets revaluation reserve		-	-	-	(378)	378	-
Transactions with owners:							
Employees' Share Options	15	567	567	-	-	-	1,134
Purchase of treasury shares	16(b)	-	-	(7)	-	-	(7)
Total transactions with owners		567	567	(7)	-	-	1,127
At 31 July 2013		68,281	15,941	(7)	39,954	40,263	164,432

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

Statements Of Changes In Equity
For The Financial Year Ended 31 July 2014 (Cont'd)

	Note	← Non-Distributable Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000 →	Distributable Retained Earnings RM'000	Total Equity RM'000
Company						
At 1 August 2012		67,714	15,374	-	18,754	101,842
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	14,612	14,612
Transactions with owners:						
Employees' Share Options	15	567	567	-	-	1,134
Purchase of treasury shares	16(b)	-	-	(7)	-	(7)
Total transactions with owners		567	567	(7)	-	1,127
At 31 July 2013		68,281	15,941	(7)	33,366	117,581
At 1 August 2013		68,281	15,941	(7)	33,366	117,581
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	-	30,381	30,381
Transactions with owners:						
Employees' Share Options	15	864	864	-	-	1,728
Purchase of treasury shares	16(b)	-	-	(487)	-	(487)
Total transactions with owners		864	864	(487)	-	1,241
At 31 July 2014		69,145	16,805	(494)	63,747	149,203

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

Statements Of Cash Flows
For The Financial Year Ended 31 July 2014

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash Flows From Operating Activities				
Profit before taxation	27,016	11,448	30,381	14,651
Adjustment for:				
Bad debts written off	46	7	-	-
Depreciation of property, plant and equipment	7,925	6,328	-	-
Impairment on:				
- investment in a subsidiary company	-	-	2,500	-
- trade receivables	61	-	-	-
Inventories written down	280	350	-	-
Inventories written off	-	163	-	-
Interest expenses	3,631	2,602	-	-
Property, plant and equipment written off	86	1,977	-	-
Gain on disposal of property, plant and equipment	(196)	(158)	-	-
Interest income	(3)	(15)	-	-
(Gain)/Loss on foreign exchange - unrealised	(143)	82	-	-
(Gain)/Loss on derivative financial assets/liabilities	(1,477)	913	-	-
Reversal of impairment on investment in a subsidiary company	-	-	(14,000)	(16,230)
Operating profit/(loss) before working capital changes	37,226	23,697	18,881	(1,579)
Change in working capital:				
Land and property development costs	(14,419)	1,428	-	-
Inventories	(8,799)	(9,150)	-	-
Trade receivables	(4,889)	8,599	-	-
Other receivables	(7,829)	(5,987)	(37)	-
Trade payables	3,983	(8,346)	-	-
Other payables	10,733	671	191	(8)
Amount owing by/to subsidiary companies	-	-	(17,172)	382
Amount owing to a Director	-	(2,400)	-	-
	(21,220)	(15,185)	(17,018)	374
Cash generated from/(used in) operations	16,006	8,512	1,863	(1,205)
Interest paid	(3,631)	(2,602)	-	-
Tax paid	(856)	(361)	-	(69)
Tax refund	30	-	-	-
	(4,457)	(2,963)	-	(69)
Net cash from/(used in) operating activities	11,549	5,549	1,863	(1,274)

Statements Of Cash Flows
For The Financial Year Ended 31 July 2014 (Cont'd)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash Flows From Investing Activities					
Interest income		3	15	-	-
Investment in a subsidiary company		-	-	(3,000)	-
Proceeds from disposal of property, plant and equipment		326	210	-	-
Purchase of property, plant and equipment	4(f)	(21,584)	(10,893)	-	-
Net cash used in investing activities		(21,255)	(10,668)	(3,000)	-
Cash Flows From Financing Activities					
Drawdown of bank borrowings		16,000	7,000	-	-
Purchase of treasury shares		(487)	(7)	(487)	(7)
Proceeds from exercised of ESOS		1,728	1,134	1,728	1,134
Repayment of bank borrowings		(3,956)	(10,166)	-	-
Repayment of hire purchase payables		(512)	(336)	-	-
Upliftment of fixed deposits pledged with a licensed bank		221	19	-	-
Net cash from/(used in) financing activities		12,994	(2,356)	1,241	1,127
Net increase/(decrease) in cash and cash equivalents		3,288	(7,475)	104	(147)
Cash and cash equivalents at beginning of the financial year		(7,735)	(260)	180	327
Cash and cash equivalents at end of the financial year		(4,447)	(7,735)	284	180
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with a licensed bank		-	221	-	-
Cash and bank balances		5,981	3,018	284	180
Bank overdrafts		(10,428)	(10,753)	-	-
		(4,447)	(7,514)	284	180
Less: Fixed deposits pledged with a licensed bank		-	(221)	-	-
		(4,447)	(7,735)	284	180

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

Notes To The Financial Statements

1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

During the financial year, the Group and of the Company have adopted the following new Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations which are effective and mandatory for current financial year:

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (2011)	Employee Benefits
FRS 127 (2011)	Separate Financial Statements
FRS 128 (2011)	Investments in Associates and Joint Ventures
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Improvements to FRSs (2012)	

The effects of the adoption of applicable FRSs and amendments to FRSs above are summarised below:

FRS 10 Consolidated Financial Statements

Under FRS 10, an investor controls an investee when the investor has:

(i) The power by investor over an investee;

(ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

FRS 10 Consolidated Financial Statements (Cont'd)

(iii) Ability to affect those returns through its power over investee.

This new control model differs from how previously companies were assessed to be a subsidiary company. Under FRS 127 (2010), control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Upon adoption of the two new FRSs, the Group has reviewed the relationships with its investments in other entities to assess whether the conclusion to consolidate is different under FRS 10 than under FRS 127 (2010), and noted no material differences were found for any of the investments

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements (as amended in November 2011)

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiary company, joint ventures and associates in separate financial statements. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 128 Investments in Associates and Joint Ventures (as amended in November 2011)

As a consequence of the new FRS 11 and FRS 12, FRS 128 Investments in Associates (as revised in 2005) is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in as an exit price, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

The Group and the Company have not applied the following FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Company:

		Effective date for financial periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities	1 January 2014
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to FRS 2010-2012 Cycle		1 July 2014
Annual Improvements to FRS 2011-2013 Cycle		1 July 2014
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 7 and FRS 9	Mandatory Effective Date of FRS 9 and Transition Disclosures	To be announced
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 39)	To be announced

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

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

<u>FRS 9 Financial Instruments</u>

FRS 9 (IFRS 9 (2009)) replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement on classification and measurement of financial asset. FRS 9 requires financial asset to be measured at fair value or amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

FRS 9 (IFRS 9 (2010)) includes the requirements for the classification and measurement of financial liabilities and for derecognition. Measurement for financial liability designated as at fair value through profit or loss, requires the amount of change in the fair value of the financial liability, that is attributable to the change of credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

FRS 9 Financial Instruments (Cont'd)

Under FRS 139, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

FRS 9 (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139):

(i) replace the general hedge accounting requirements to more closely align hedge accounting with risk management activities undertaken when hedging financial and non-financial risks;

(ii) permit fair value changes due to changes in 'own credit risk ' of financial liabilities measured at fair value to be recognised through other comprehensive income, without applying all other requirements of FRS 9 at the same time; and

(iii) remove the mandatory effective date of FRS 9. The new effective date will be decided when the project is closer to completion.

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

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

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

On 2 September 2014, with the issuance of *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141) and MFRS 15 *Revenue from Contracts with Customers*, which shall apply to financial statements of annual periods beginning on or after 1 January 2016 and 1 January 2017 respectively, the MASB has allowed Transitioning Entities to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 July 2018. In presenting its first MFRS financial statements for the financial year ending 31 July 2018, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. It also includes new guidance as to whether revenue should be recognised at a point in time or over time, which replace the current distinction between goods and services.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRS 15 *Revenue from Contracts with Customers* (Cont'd)

Its core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

A five-step approach to revenue recognition is required:
(a) Identify the contract(s) with a customer.
(b) Identify the performance obligations in the contract.
(c) Determine the transaction price.
(d) Allocate the transaction price to the performance obligations in the contract.
(e) Recognise revenue when (or as) performance obligations are satisfied.

MFRS 15 also includes requirements for accounting for costs related to a contract with a customer. These are recognised as an asset if certain criteria are met. Furthermore, MFRS 15 also significantly expands the current disclosure requirements about revenue recognition.

The Group is currently assessing the implications and financial impact of transition to the MFRS Framework, in particular MFRS 15. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 July 2014 could be different if prepared under the MFRS Framework.

(b) Functional and presentation currency

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

(c) 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 results 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. The Directors exercise their judgement in the process of applying the Group'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 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.

2. BASIS OF PREPARATION (CONT'D)

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

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 amounts of assets and liabilities within the next financial year are set out below:

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

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at the end of each reporting period. At 31 July 2014, the management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in the adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying amount of property, plant and equipment.

(ii) Impairment of non-financial assets (Note 4)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next reporting period.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(iii) Impairment of investment in subsidiary companies (Note 5)

The carrying amounts of investment in subsidiary companies and the related goodwill are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Deferred tax assets (Note 6)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2. BASIS OF PREPARATION (CONT'D)

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

(v) Property development costs (Note 7)

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

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

(vi) Inventories written down (Note 8)

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

(vii) Impairment of loans and receivables (Notes 9 and 10)

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(viii) Employees' Share Option Scheme

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

(ix) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, which have been prepared in accordance with the Group's accounting policies, and are all drawn up to the same reporting period.

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Consolidation

The acquisition method of accounting is used to account for business combination. The consideration transferred for acquisition of a subsidiary company is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, as well as any contingent consideration given. Acquisition related costs are expensed off in the profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Consolidation (Cont'd)

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

(iii) Goodwill on consolidation

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary company acquired, the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(iv) Non-controlling interests

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to a parent. On an acquisition-by- acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary company's equity since the date of combination.

All earnings and losses of the subsidiary company are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

(i) Recognition and measurement

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Freehold buildings and building improvements	50 years
Leasehold land	Over the remaining lease period
Leasehold buildings	50 years
Office equipment, furniture and fittings	5 to 20 years
Renovation and electrical upgrade	5 to 50 years
Tools and machinery	10 to 12.5 years
Motor vehicles	5 years

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

(c) Land and property development costs

(i) Land held for property development

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Property development costs

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

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

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

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

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

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

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

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

(d) Financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (Cont'd)

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

The Group and the Company classify their financial assets depending on the purpose for which it was required at initial recognition, into the following categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, including derivative or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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

Loans and receivables

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

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

Regular way purchase or sale of financial assets

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

Derecognition of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Inventories

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

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

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

(f) Cash and cash equivalents

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

(g) Impairment on assets

(i) Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit 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.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment on assets (Cont'd)

(ii) Financial assets

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

Financial assets carried at amortised cost

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

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

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

(h) Financial liabilities

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

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Changes in the carrying amount of these liabilities are recognised in the profit or loss.

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

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, derivative (except for financial guarantee contracts or a designated and effective hedging instrument) and financial liabilities designated into this category upon initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities (Cont'd)

Other liabilities measured at amortised cost

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables and borrowings. Other financial liabilities are classified as current liabilities; except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Financial guarantee contracts

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

Financial guarantee contracts are recognised initially at fair value and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. Subsequently, the carrying amount is measured at the higher of the best estimate of the obligation under the contract in accordance with FRS 137 at the end of the reporting period and the initial amount recognised less accumulated amortisation. If the carrying amount of the financial guarantee contract is lower than the obligation, the carrying amount is adjusted to the obligation amount and accounted for as a provision.

Derecognition of financial liabilities

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.

Offsetting of financial instruments

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

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Leases (Cont'd)

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

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

(j) Share capital

(i) Ordinary shares

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

Dividends on ordinary shares are accounted for in equity as appropriation of retained earnings and recognised as a liability in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Share capital (Cont'd)

(ii) Treasury shares

When issued shares of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applies in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(k) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rate at the date of transaction.

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

(l) Revenue

(i) Sales of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Property development

Revenue from property development is accounted for by the stage of completion method as described in Note 3(c)(ii).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Revenue (Cont'd)

(iii) Interest income

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

(iv) Rental income

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

(v) Dividend income

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

(vi) Management fee

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

(m) Borrowing costs

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

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

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

(n) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income taxes (Cont'd)

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of assets or liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting profit nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

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

(o) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (Cont'd)

(iii) Share based compensation

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

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

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

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

(p) Earnings per share

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

(q) Segment reporting

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

(r) 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 disclosed as a contingent asset or 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 asset or liability unless the probability of outflow of economic benefits is remote.

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation			At Cost							
	Freehold land Note	Leasehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Leasehold land and buildings RM'000	Office equipment, furniture and fittings RM'000	Renovation and electrical upgrade RM'000	Tools and machinery RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2014											
Group											
Cost / Valuation											
At 1 August 2013	37,645	3,800	70,260	12,555	2,965	5,874	547	65,020	3,305	-	201,971
Additions	-	-	-	1,295	5,959	280	30	4,107	720	10,670	23,061
Disposals	-	-	-	-	-	-	-	(1,989)	(380)	-	(2,369)
Written off	-	-	-	-	-	-	-	-	(114)	-	(114)
At 31 July 2014	37,645	3,800	70,260	13,850	8,924	6,154	577	67,138	3,531	10,670	222,549
Accumulated depreciation											
At 1 August 2013	-	55	1,571	2,240	198	2,717	82	35,264	1,481	-	43,608
Charge for the financial year	-	52	1,405	259	115	434	12	5,067	581	-	7,925
Disposals	-	-	-	-	-	-	-	(1,869)	(370)	-	(2,239)
Written off	-	-	-	-	-	-	-	-	(28)	-	(28)
At 31 July 2014	-	107	2,976	2,499	313	3,151	94	38,462	1,664	-	49,266
Accumulated impairment losses											
At 1 August 2013/ 31 July 2014	-	-	-	715	-	-	-	-	-	-	715
Carrying amount											
At 31 July 2014	37,645	3,693	67,284	10,636	8,611	3,003	483	28,676	1,867	10,670	172,568

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

	At Valuation			At Cost							
	Freehold land Note	Leasehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Leasehold land and buildings RM'000	Office equipment, furniture and fittings RM'000	Renovation and electrical upgrade RM'000	Tools and machinery RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2013											
Group											
Cost / Valuation											
At 1 August 2012	32,566	3,800	58,813	14,382	2,134	3,764	460	50,479	2,712	152	169,262
Additions	4,287	-	9,467	43	831	2,121	173	16,729	1,031	-	34,682
Revaluation surplus	792	-	1,828	-	-	-	-	-	-	-	2,620
Disposals	-	-	-	-	-	(11)	-	(1,094)	(438)	-	(1,543)
Written off	-	-	-	(1,870)	-	-	(86)	(1,094)	-	-	(3,050)
Reclassification	-	-	152	-	-	-	-	-	-	(152)	-
At 31 July 2013	37,645	3,800	70,260	12,555	2,965	5,874	547	65,020	3,305	-	201,971
Accumulated depreciation											
At 1 August 2012	-	6	206	2,349	152	2,406	86	33,238	1,401	-	39,844
Charge for the financial year	-	49	1,365	264	46	317	10	3,759	518	-	6,328
Disposals	-	-	-	-	-	(6)	-	(1,047)	(438)	-	(1,491)
Written off	-	-	-	(373)	-	-	(14)	(686)	-	-	(1,073)
At 31 July 2013	-	55	1,571	2,240	198	2,717	82	35,264	1,481	-	43,608
Accumulated impairment losses											
At 1 August 2012/ 31 July 2013	-	-	-	715	-	-	-	-	-	-	715
Carrying amount											
At 31 July 2013	37,645	3,745	68,689	9,600	2,767	3,157	465	29,756	1,824	-	157,648

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

(a) Certain freehold land, freehold buildings and building improvements, leasehold land and buildings of the Group with carrying amount of RM108,627,000 (2013: RM109,860,000) have been pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 19.

(b) The carrying amount of property, plant and equipment of the Company acquired under hire purchase arrangement as follows:

	Group 2014 RM'000	Group 2013 RM'000
Motor vehicles	1,512	1,622
Plant & machinery	674	-
	2,186	1,622

(c) Included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM861,000 (2013: RM1,287,000) held in trust under the name of a Director and third parties.

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

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

	Group 2014 RM'000	Group 2013 RM'000
Leasehold land	1,943	1,969
Freehold land	8,043	8,043
Buildings	52,002	53,246
	61,988	63,258

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

(f) The aggregate additional cost for the property, plant and equipment of the Group during the financial year under hire purchase financing, term loan financing, reclassified from other receivables and cash payments are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Aggregate costs	23,061	34,682
Less : Hire purchase financing	(1,027)	(750)
Term loan financing	-	(9,200)
Reclassified from other receivables	(450)	(13,839)
Cash payments	21,584	10,893

(g) The remaining lease terms of the leasehold land range from 75 to 82 (2013: 76 to 83) years.

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2014 RM'000	Company 2013 RM'000
In Malaysia		
Unquoted shares, at cost		
At 1 August	80,070	80,070
Additions	3,000	-
At 31 July	83,070	80,070
Less : Accumulated impairment		
At 1 August	(29,991)	(46,221)
Impairment made	(2,500)	-
Reversal of impairment	14,000	16,230
At 31 July	(18,491)	(29,991)
	64,579	50,079

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Direct holding:				
Seng Yip Furniture Sdn. Bhd.	Malaysia	100	100	Manufacture and export of moulded timber, furniture products and timber treatment processing
Tomisho Sdn. Bhd.	Malaysia	100	100	Manufacture and export of furniture and component parts
SYF Venture Sdn. Bhd.	Malaysia	100	100	Investment holding
Great Platform Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of particle board
Indirect holding:				
Subsidiary companies of SYF Venture Sdn. Bhd.				
SYF Development Sdn. Bhd.	Malaysia	100	100	Property development
Seng Yip Timber Sdn. Bhd.	Malaysia	100	100	Dormant
SYF Plantation Sdn. Bhd.	Malaysia	100	100	Dormant

6. DEFERRED TAX (ASSETS)/LIABILITIES

(a) Deferred tax assets

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 August		(700)	-
Recognised in profit or loss	26	-	(700)
At 31 July		(700)	(700)

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

(a) Deferred tax assets (Cont'd)

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

	Group 2014 RM'000	2013 RM'000
Deferred tax assets	(1,439)	(1,302)
Deferred tax liability	739	602
	(700)	(700)

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

Deferred tax assets of the Group:

	Other temporary differences RM'000	Unutilised capital allowances RM'000	Unutilised reinvestment allowances RM'000	Unused tax loss RM'000	Total RM'000
At 1 August 2013	(154)	(81)	(1,067)	-	(1,302)
Recognised in profit or loss	(4)	81	93	(307)	(137)
At 31 July 2014	(158)	-	(974)	(307)	(1,439)
At 1 August 2012	-	(646)	(242)	-	(888)
Recognised in profit or loss	(154)	698	(1,064)	-	(520)
(Under)/Over provision in prior year	-	(133)	239	-	106
At 31 July 2013	(154)	(81)	(1,067)	-	(1,302)

Deferred tax liability of the Group:

	2014 RM'000	2013 RM'000
Accelerated capital allowances		
At 1 August	602	888
Recognised in profit or loss	137	(180)
Under provision in prior year	-	(106)
At 31 July	739	602

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

(b) Deferred tax liabilities

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 August		8,938	8,736
Recognised in profit or loss	26	1,901	(255)
Other comprehensive income:			
Deferred tax liabilities arising from revaluation of leasehold land, freehold land and buildings		-	457
At 31 July		10,839	8,938

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

	Group 2014 RM'000	Group 2013 RM'000
Deferred tax liabilities	16,005	16,811
Deferred tax assets	(5,166)	(7,873)
	10,839	8,938

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Revaluation surplus RM'000	Total RM'000
At 1 August 2013	7,777	9,034	16,811
Recognised in profit or loss	(214)	(611)	(825)
Under provision in prior year At 31 July 2014	19	-	19
	7,582	8,423	16,005
At 1 August 2012	5,762	8,736	14,498
Recognised in profit or loss	1,364	(159)	1,205
Recognised in other comprehensive income	-	457	457
Under provision in prior year At 31 July 2013	651	-	651
	7,777	9,034	16,811

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

(b) Deferred tax liabilities (Cont'd)

Deferred tax assets of the Group:

	Other temporary differences RM'000	Unutilised capital allowances RM'000	Unutilised reinvestment allowances RM'000	Unused tax losses RM'000	Total RM'000
At 1 August 2013	(174)	(1,628)	(5,208)	(863)	(7,873)
Recognised in profit or loss	457	(39)	1,769	759	2,946
(Under)/Over provision in prior year	-	(4)	44	(279)	(239)
At 31 July 2014	283	(1,671)	(3,395)	(383)	(5,166)
At 1 August 2012	-	-	(5,756)	(6)	(5,762)
Recognised in profit or loss	(174)	(1,628)	1,200	(858)	(1,460)
(Under)/Over provision in prior year	-	-	(652)	1	(651)
At 31 July 2013	(174)	(1,628)	(5,208)	(863)	(7,873)

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Unutilised capital allowances	2,071	1,228	-	-
Unutilised reinvestment allowances	2,978	6,680	-	-
Unused tax losses	19,273	20,517	1,908	1,383
	24,322	28,425	1,908	1,383

7. LAND AND PROPERTY DEVELOPMENT COSTS

	Group 2014 RM'000	2013 RM'000
Freehold land, at cost		
At 1 August	6,040	5,443
Additions	16,605	597
At 31 July	22,645	6,040
Property development costs		
At 1 August	43,476	16,325
Additions	36,645	27,151
At 31 July	80,121	43,476
Less: Costs recognised in the statements of comprehensive income		
At 1 August	43,000	13,824
Recognised during the financial year	38,831	29,176
At 31 July	81,831	43,000
Total land and property development costs	20,935	6,516

(a) During the financial year, a subsidiary company has entered into joint venture agreement ("Agreement") with two parties ("the landowners") to develop three pieces of freehold land and based on the Agreement, the landowners are entitled to an agreed sum as specified in the Agreement.

(b) The land held for development of the Group amounting to RM16,605,000 (2013: Nil) has been pledged to a licensed bank as security for credit facility granted to a subsidiary company as disclosed in Note 19.

8. INVENTORIES

	Group 2014 RM'000	2013 RM'000
At cost		
Raw material	20,679	19,811
Consumables	1,466	1,016
Work-in-progress	34,632	28,087
Finished goods	8,495	7,530
	65,272	56,444

8. INVENTORIES (CONT'D)

	Group 2014 RM'000	2013 RM'000
At net realisable value		
Consumables	-	82
Finished goods	49	276
	49	358
	65,321	56,802

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

	Group 2014 RM'000	2013 RM'000
Inventories written down	280	350
Inventories written off	-	163

9. TRADE RECEIVABLES

	Group 2014 RM'000	2013 RM'000
Trade receivables	14,503	12,468
Less: Accumulated impairment	(980)	(1,081)
	13,523	11,387
Accrued billings in respect of property development costs	2,646	-
	16,169	11,387

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

The Group's normal trade credit terms range from 1 to 90 days (2013: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The Group's credit exposures are concentrated mainly on 5 (2013: 3) debtors, which accounted for 21% (2013: 28.5%) of total trade receivables.

9. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing is as follows:

	Group 2014 RM'000	Group 2013 RM'000
Neither past due nor impaired	11,471	10,519
Past due but not impaired:		
Less than 30 days	590	359
31 to 60 days	317	151
More than 60 days	1,145	358
	2,052	868
	13,523	11,387
Impaired	980	1,081
	14,503	12,468

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 Group's 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. As per Directors, these relate to a number of independent customers from whom there is no recent history of default. Included in trade receivables of the Group is RM3,730,000 (2013: RM25,000) that are past due but not impaired which were related to sales of properties. The Group has not made any significant impairment on its past due receivable as the Directors are of the view that most of the purchasers have obtained end financing. The ownership of the titles will only be transferred to the purchasers upon full settlement of purchase price.

Movements in impairment on trade receivables (individually impaired) are as follows:

	Group 2014 RM'000	Group 2013 RM'000
At 1 August	1,081	1,397
Impairment during the financial year	61	-
Amount written off	(162)	(316)
At 31 July	980	1,081

9. TRADE RECEIVABLES (CONT'D)

Trade receivables that are individually determined to be impaired at the end of the reporting period related to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The foreign currency exposure profile is as follows:

	Group	
	2014 RM'000	2013 RM'000
United States Dollar (USD)	6,774	5,855

10. OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables	17,864	3,758	37	-
Less: Accumulated impairment	(40)	(40)	-	-
	17,824	3,718	37	-
Deposits	3,283	4,996	-	-
Prepayments	4,675	9,689	-	-
	25,782	18,403	37	-

In the previous financial year, included in other receivables was an amount of RM2,523,000 pursuant to insurance claim receivable for property, plant and equipment and inventories written off due to fire incident. The insurance claim was received during the financial year.

Included in the other receivables of the Group are advances to contractors for property development project amounting to RM14,663,200 (2013: RM1,000,000).

Included in the deposits of the Group are Nil (2013: RM450,000) paid for the acquisition of property, plant and equipment by a subsidiary company.

Included in the deposits of the Group are Nil (2013: RM1,600,000) paid for the acquisition of land held for property development by a subsidiary company.

Included in the prepayments of the Group are prepayment for extraction of rubberwood timber amounting to RM3,136,000 (2013: RM8,866,000).

11. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group			
	2014		2013	
	Contract/ Notional amount USD'000	Financial Assets RM'000	Contract/ Notional amount USD'000	Financial Liabilities RM'000
Non-hedging derivative:				
Current				
Forward currency contracts	6,110	700	12,550	(777)

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

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at the end of the reporting period, extending to August 2015 (2013: July 2014).

During the financial year, the Group recognised a gain of RM1,477,000 (2013: loss of RM913,000) arising from fair value changes of derivative assets/liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

12. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

(a) Amount owing by subsidiary companies

	Company	
	2014 RM'000	2013 RM'000
Amount owing by subsidiary companies	91,851	78,238
Less: Accumulated impairment	(7,000)	(7,000)
	84,851	71,238

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

(b) Amount owing to a subsidiary company

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

13. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits of the Group were pledged to a licensed bank as security for certain bankers' guarantee granted to certain subsidiary companies.

In prior year, the interest rates and maturities of deposits was 3.0% per annum and 365 days respectively.

14. CASH AND BANK BALANCES

The foreign currency exposure profile is as follows:

	Group	
	2014 RM'000	2013 RM'000
USD	863	112
Reminbi (RMB)	2	2

15. SHARE CAPITAL

	Group/Company			
	Number of shares ('000)		Amount	
	2014 Units	2013 Units	2014 RM'000	2013 RM'000
Ordinary shares of RM0.25 each				
Authorised:				
At 1 August/31 July	800,000	800,000	200,000	200,000
Issued and fully paid				
At 1 August	273,126	270,857	68,281	67,714
Exercised of ESOS	3,455	2,269	864	567
At 31 July	276,581	273,126	69,145	68,281

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

During the financial year, the Company increased its issued and paid-up share capital from RM68,281,000 to RM69,145,000 by the issuance of 3,455,000 new ordinary shares of RM0.25 each for cash arising from exercise of ESOS at a price of RM0.50 per ordinary share.

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

16. RESERVES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-distributable:					
Share premium		16,805	15,941	16,805	15,941
Assets revaluation reserve	(a)	39,549	39,954	-	-
Treasury shares	(b)	(494)	(7)	(494)	(7)
		55,860	55,888	16,311	15,934
Distributable:					
Retained earnings		62,366	40,263	63,747	33,366
		118,226	96,151	80,058	49,300

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

(a) Assets revaluation reserve

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

(b) Treasury shares

	Group/Company			
	Number of shares ('000)		Amount	
	2014 Units	2013 Units	2014 RM'000	2013 RM'000
At 1 August	10	-	7	-
Own shares acquired	810	10	487	7
At 31 July	820	10	494	7

During the financial year, the Company has obtained its shareholders' approval to purchase up to 10% of its issued and paid up share capital of the Company at the Annual General Meeting held on 13 January 2014.

The shares purchased were retained as treasury shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

During the financial year, the Company repurchased 810,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.60 per share. The total consideration paid for the repurchase was amounting to RM487,000. The repurchased transactions were financed by internally generated funds.

16. RESERVES (CONT'D)

(b) Treasury shares (Cont'd)

Details of treasury shares are as follows:

	Average price RM	Highest price RM	Lowest price RM	Number of shares repurchased Units ('000)	Cost RM'000
2014					
August 2013	0.60	0.60	0.58	150	89
September 2013	0.60	0.60	0.59	306	183
October 2013	0.61	0.61	0.60	354	215
				810	487
2013					
April 2013	0.68	0.68	0.68	10	7

17. WARRANTS RESERVE

The total numbers of warrants that remain unexercised was 35,358,171 as at 31 July 2013. The warrants expired on 30 September 2013 and were delisted on 1 October 2013.

18. HIRE PURCHASE PAYABLES

	Group 2014 RM'000	2013 RM'000
(a) **Minimum lease payments**		
Repayable within one year	672	416
Repayable between one and two years	653	373
Repayable between two and five years	627	601
	1,952	1,390
Less: Future finance charges	(136)	(89)
Present value of minimum lease payments	1,816	1,301
(b) **Present value of minimum lease payments**		
Repayable within one year	599	374
Repayable between one and two years	611	345
Repayable between two and five years	606	582
	1,816	1,301

18. HIRE PURCHASE PAYABLES (CONT'D)

	Group 2014 RM'000	Group 2013 RM'000
(b) **Present value of minimum lease payments (Cont'd)**		
Analysed as:		
Repayable within twelve months	599	374
Repayable after twelve months	1,217	927
	1,816	1,301

Interest is charged at rates ranging from 1.52% to 2.59% (2013: 2.44% to 3.50%) per annum.

Certain hire purchase payables of the Group amounting to RM707,000 (2013: RM1,056,000) are in relation to assets held in trust under the name of a Director and third parties as disclosed in Note 4(c).

19. BANK BORROWINGS

	Group 2014 RM'000	Group 2013 RM'000
Secured		
Floating rates		
Bank overdrafts	10,428	10,753
Term loans	32,815	21,957
Bills payables	15,806	14,620
Total bank borrowings	59,049	47,330
Analysed as:		
Repayable within twelve months		
Secured		
Floating rates		
Bank overdrafts	10,428	10,753
Term loans	5,744	3,236
Bills payables	15,806	14,620
	31,978	28,609
Repayable after twelve months		
Secured		
Floating rates		
Term loans	27,071	18,721
Total bank borrowings	59,049	47,330

19. BANK BORROWINGS (CONT'D)

The credit facilities of the Group obtained from licensed banks are secured by way of legal charge on certain property, plant and equipment as disclosed in Note 4(a) and corporate guarantee by the Company.

Maturity of the bank borrowings is as follows:

	Group	
	2014 RM'000	2013 RM'000
Within one year	31,978	28,609
Between one and two years	6,174	2,928
Between two and three years	6,715	3,112
Between three and four years	7,439	3,120
Between four and five years	2,870	2,817
After five years	3,873	6,744
	59,049	47,330

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

	Group	
	2014 %	2013 %
Bank overdrafts	7.60 - 7.85	7.60
Term loans	6.70 - 7.88	6.70 - 7.60
Bills payables	4.40 - 5.00	4.35 - 5.03

20. TRADE PAYABLES

	Group	
	2014 RM'000	2013 RM'000
Trade payables	15,156	15,152
Retention sum	2,986	902
Landowners' entitlement		
- related parties	1,740	1,160
- third parties	-	2,205
	1,740	3,365
	19,882	19,419
Progress billings in respect of property development costs	4,017	497
	23,899	19,916

20. TRADE PAYABLES (CONT'D)

The normal trade credit term granted to the Group range from 1 to 90 days (2013: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The foreign currency exposure profile is as follows:

	Group 2014 RM'000	Group 2013 RM'000
Japanese Yen (JPY)	10	10

21. OTHER PAYABLES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Other payables				
- Related party	13	-	-	-
- Third parties	15,162	6,070	268	57
	15,175	6,070	268	57
Accruals	4,918	4,491	280	300
Deposits	2,311	1,253	-	-
	22,404	11,814	548	357

The foreign currency exposure profile is as follows:

	Group 2014 RM'000	Group 2013 RM'000
USD	568	1,328
RMB	5,061	-

22. REVENUE

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Sale of goods	220,436	181,882	-	-
Property development	56,693	37,784	-	-
Dividend income from a subsidiary company	-	-	20,000	-
Management fees from subsidiary companies	-	-	80	80
	277,129	219,666	20,080	80

23. COST OF SALES

	Group 2014 RM'000	Group 2013 RM'000
Cost of goods sold	195,734	166,356
Property development	38,831	29,176
	234,565	195,532

24. FINANCE COSTS

	Group 2014 RM'000	Group 2013 RM'000
Interest expenses on:		
Term loans	2,483	1,171
Bank overdrafts	393	259
Bills payables	696	1,092
Hire purchase	59	53
Late payment	-	27
	3,631	2,602

25. PROFIT BEFORE TAXATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration				
- Statutory				
- current year	100	100	30	30
- over provision in prior years	-	(10)	-	-
- other	3	5	3	5
Bad debts written off	46	7	-	-
Company's Directors				
- fee	114	126	114	126
- salaries and other emoluments	1,456	1,456	247	986
- EPF	174	174	30	118
- Benefits-in-kind	52	52	52	52
Depreciation of property, plant and equipment	7,925	6,328	-	-
Impairment on:				
- investment in a subsidiary company	-	-	2,500	-
- trade receivables	61	-	-	-
Inventories written down	280	350	-	-
Inventories written off	-	163	-	-
Property, plant and equipment written off	86	1,977	-	-
Rental of land and premises paid/payable				
- a subsidiary company	-	-	72	72
- Company's Director	526	526	-	-
- third parties	1,125	1,609	-	-
Fixed deposit interest income	(3)	(15)	-	-
Gain on disposal of property, plant and equipment	(196)	(158)	-	-
(Gain)/Loss on derivative financial assets/liabilities	(1,477)	913	-	-
Loss/(Gain) on foreign exchange				
- realised	519	(695)	-	-
- unrealised	(143)	82	-	-
Insurance claim received/receivable	(288)	(2,523)	-	-
Reversal of impairment on investment in a subsidiary company	-	-	(14,000)	(16,230)

26. TAXATION

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Tax expenses recognised in profit or loss:				
Current tax provision	3,406	509	-	-
Under provision in prior years	11	39	-	39
	3,417	548	-	39
Deferred tax:				
Relating to origination and reversal of temporary differences	2,121	(955)	-	-
Over provision in prior years	(220)	-	-	-
	1,901	(955)	-	-
	5,318	(407)	-	39

Current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profits for the financial year.

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

	Group 2014 RM'000	Group 2013 RM'000
Profit before taxation	27,016	11,448
Taxation on statutory tax rate of 25% (2013: 25%)	6,754	2,862
Income not subject to tax	(1,290)	(191)
Expenses not deductible for tax purpose	1,345	597
Deferred tax assets not recognised	207	(185)
Double tax relief	(250)	(142)
Utilisation of previously unrecognised tax losses and capital allowances	(1,230)	(3,387)
Crystalisation of deferred tax	(9)	-
Under provision of taxation in respect of prior years	11	39
Over provision of deferred taxation in respect of prior years	(220)	-
Tax expense for the financial year	5,318	(407)

26. TAXATION (CONT'D)

Tax savings arising from tax losses:

	Group 2014 RM'000	Group 2013 RM'000
Income tax arising from utilisation of prior year losses not recognised	759	1,896

	Company 2014 RM'000	Company 2013 RM'000
Profit before taxation	30,381	14,651
Taxation on statutory tax rate of 25% (2013: 25%)	7,595	3,662
Income not subject to tax	(8,500)	(4,057)
Expenses not deductible for tax purpose	774	395
Deferred tax assets not recognised	131	-
Under provision of taxation in respect of prior year	-	39
Tax expense for the financial year	-	39

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

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised capital allowances	8,755	8,080	-	-
Unutilised reinvestment allowances	20,454	31,604	1,908	1,383
Unused tax losses	22,033	25,085	-	-
	51,242	64,769	1,908	1,383

27. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share has been calculated based on the consolidated profit for the financial year attributable to the owners of the parent of RM21,698,000 (2013: RM11,855,000) and the weighted average number of ordinary shares in issue during the financial year of 273,733,000 (2013: 272,295,000).

	Group	
	2014 RM'000	2013 RM'000
Net profit for the financial year attributable to the owners of the parent (RM'000)	21,698	11,855
Weighted number of ordinary shares in issue (in thousands)	273,733	272,295
Basic earnings per share (sen)	7.9	4.4

(b) Diluted earnings per share

Diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent of RM21,698,000 (2013: RM11,855,000) and the adjusted weighted average number of ordinary shares issued and issuable of 276,504,000 (2013: 274,091,000) shares.

	Group	
	2014 RM'000	2013 RM'000
Net profit for the financial year attributable to the owners of the parent (RM'000)	21,698	11,855
Weighted number of ordinary shares in issue (in thousands)	273,733	272,295
Adjusted for: Assumed exercise of ESOS at no consideration (in thousands)	2,770	1,796
	276,503	274,091
Diluted earnings per share (sen)	7.8	4.3

28. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Employee benefits (excluding Directors)	33,264	28,243	82	51

Included in the total employee benefits above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and for the Company amounting to RM804,000 and RM6,500 (2013: RM695,000 and RM5,400) respectively.

29. EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 1 March 2012. At all times, the ESOS shall not exceed 15% of the issued share capital and shall be granted to eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years from the effective date of implementation until 8 May 2017.

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

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

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

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

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

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

29. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

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

	Number of Share Options						
	Outstanding as at 1 August '000	Movements during the financial year Granted '000	Exercised '000	Forfeited '000	Lapsed '000	Outstanding as at 31 July '000	Exercisable as at 31 July '000
2014							
ESOS	12,729	-	(3,455)	(682)	-	8,592	8,592
2013							
ESOS	14,998	-	(2,269)	-	-	12,729	12,729

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

Share Options	Exercise prices RM	Exercise periods
2014		
ESOS	0.50	11.05.2012 - 08.05.2017
2013		
ESOS	0.50	11.05.2012 - 08.05.2017

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

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

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

29. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

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

	Group		Company	
	2014 Unit ('000)	2013 Unit ('000)	2014 Unit ('000)	2013 Unit ('000)
ESOS				
At 1 August	6,360	6,360	2,940	2,940
Exercised	(714)	-	-	-
At 31 July	5,646	6,360	2,940	2,940

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

30. CONTINGENT LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bankers' guarantees issued in favour of:				
- a supplier of goods	1,000	1,000	-	-
- Tenaga Nasional Berhad	1,646	1,128	-	-
- Jabatan Immigresen	814	1,765	-	-
	3,460	3,893	-	-
Guarantee given for banking facilities granted to subsidiary companies	-	-	62,509	51,223
	3,460	3,893	62,509	51,223

The Company has assessed the financial guarantee contracts and concluded that the guarantees are more likely not to be called upon by the banks and accordingly not recognised as financial liability as at 31 July 2014.

31. COMMITMENTS

	Group 2014 RM'000	Group 2013 RM'000
(a) Capital commitment		
Approved and contracted for:		
Purchase of land held for property development	-	14,400
Purchase of property, plant and equipment	7,691	4,050
(b) Operating lease commitment		
Future minimum lease payments:		
Within one year	769	946
Between one and five years	3,077	2,386
After five years	769	-
	4,615	3,332

The Group has entered into commercial lease for certain of its land and premises. These leases have tenure of 3 years (2013: 1 to 3 years) with a renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

32. RELATED PARTY DISCLOSURES

(a) Identity of related party

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

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

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

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2014 RM'000	2013 RM'000
Group		
Director		
Rental paid	526	526
Related parties		
Landowner's entitlement paid/payable		
- Kiara Susila Sdn. Bhd., a company in which certain Directors have financial interest	2,436	3,401
- Datin' Sri Chee Ah Kuan, spouse of a Director	4,604	6,429
Company		
Subsidiary companies		
Management fee received/receivable	80	80
Rental paid/payable	72	72

(c) Information regarding outstanding balances arising from related party transactions as at 31 July 2014 is disclosed in Notes 12, 20 and 21.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	2,632	2,915	277	1,104
Benefits-in-kind	52	52	52	52
	2,684	2,967	329	1,156

33. SEGMENT INFORMATION

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

Rubberwood furniture	Manufacture and trading of rubberwood furniture and component parts
Particle board	Manufacture and trading of particle board
Property development	Property development
Others	Investment holding and others

33. SEGMENT INFORMATION (CONT'D)

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

Performance is measured based on segment profit before taxation, interest and depreciation, as included in the internal management reports that are reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

Segment assets

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

Segment liabilities

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

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

33. SEGMENT INFORMATION (CONT'D)

	Rubberwood furniture RM'000	Particle board RM'000	Property development RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2014						
Non-cash expenses/(income)						
Bad debts written off	46	-	-	-	-	46
Depreciation of property, plant and equipment	5,724	2,022	179	-	-	7,925
Impairment on trade receivables	61	-	-	-	-	61
Impairment on investment in a subsidiary company	-	-	-	2,500	(2,500)	-
Inventories written down	280	-	-	-	-	280
Property, plant and equipment written off	86	-	-	-	-	86
Gain on disposal of property, plant and equipment	(196)	-	-	-	-	(196)
Gain on foreign exchange - unrealised	(86)	(57)	-	-	-	(143)
Gain on derivative financial liabilities	(1,477)	-	-	-	-	(1,477)
Reversal of impairment on investment in subsidiary companies	-	-	-	(14,000)	14,000	-
2013						
Revenue						
External sales	181,720	162	37,784	-	-	219,666
Inter-segment sales	19,564	-	-	-	(19,564)	-
Total sales	201,284	162	37,784	-	(19,564)	219,666
Results						
Segment results	12,411	(3,152)	6,359	17,373	(18,956)	14,035
Interest income	15	-	-	-	-	15
Finance costs	(2,043)	(548)	(11)	-	-	(2,602)
Profit/(Loss) before taxation	10,383	(3,700)	6,348	17,373	(18,956)	11,448
Taxation	933	9	(496)	(39)	-	407
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year	11,316	(3,691)	5,852	17,334	(18,956)	11,855
Asset						
Addition to non-current assets	3,653	31,029	-	-	-	34,682

33. SEGMENT INFORMATION (CONT'D)

	Rubberwood furniture RM'000	Particle board RM'000	Property development RM'000	Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2013						
Non-cash expenses/(income)						
Bad debts written off	7	-	-	-	-	7
Depreciation of property, plant and equipment	5,684	562	82	-	-	6,328
Inventories written down	350	-	-	-	-	350
Inventories written off	163	-	-	-	-	163
Gain on disposal of property, plant and equipment	(158)	-	-	-	-	(158)
Loss on foreign exchange - unrealised	49	33	-	-	-	82
Loss on derivative financial liabilities	913	-	-	-	-	913
Property, plant and equipment written off	1,977	-	-	-	-	1,977
Reversal of impairment on investment in subsidiary companies	-	-	-	(18,433)	18,433	-
Reversal of impairment on amount owing by a subsidiary company	-	-	-	(523)	523	-

Geographical segments

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

	Revenue		Addition to non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Group				
Malaysia	160,755	119,164	23,061	34,682
Asia Pacific and other Asian countries	28,612	23,093	-	-
Europe	2,915	4,154	-	-
North America	50,650	43,488	-	-
Others *	34,197	29,767	-	-
	277,129	219,666	23,061	34,682

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

33. SEGMENT INFORMATION (CONT'D)

Major customer

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

	Revenue		Segment
	2014 RM'000	2013 RM'000	
One major customer (2013: One)	45,783	35,049	Rubberwood furniture

34. SIGNIFICANT EVENT

On 25 July 2013, Seng Yip Furniture Sdn. Bhd. entered into an Asset Purchase Agreement with Eleplas Industries Sdn. Bhd. for the purchase of all that pieces of leasehold land together with a single storey detached factory building and machinery and equipment, erected thereon measuring approximately 15,559 square meter and held under Pajakan Negeri 9785, Lot 4654 and Pajakan Negeri 9786, Lot 4655, both Pekan Simpang Pertang, District of Jelebu, State of Negeri Sembilan for a total purchase consideration of RM4,500,000.

The above acquisition has been completed during the financial year.

35. SUBSEQUENT EVENTS

(a) Private Placement of up to 28,517,200 new shares of the Company

On 14 July 2014, M & A Securities Sdn. Bhd. announced on behalf of the Company, that Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing of and quotation for up to 28,517,200 new ordinary shares of RM0.25 each to independent third party investors. The private placement was completed following the listing of and quotation for 27,658,000 placement shares on the Main Market of Bursa Securities on 21 August 2014.

(b) On 27 October 2014, the Company announced that Bursa Securities has approved the following proposals:

(i) proposed bonus issue of up to 312,830,506 new ordinary shares of RM0.25 each to be credited as fully paid-up, together with up to 312,830,506 free detachable warrants, on the basis of one (1) bonus share together with one (1) warrant for every one (1) existing share held on an entitlement date to be determined later;

(ii) proposed increase in the authorised share capital from RM200,000,000 comprising 800,000,000 ordinary shares of RM0.25 each to RM500,000,000 comprising 2,000,000,000 ordinary shares of RM0.25 each; and

(iii) proposed amendments to the Company's memorandum of association.

(collectively referred to as the "Proposals")

The above Proposals are subject to the approvals from the shareholders of the Company at an Extraordinary General Meeting and other relevant authorities, if required.

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At fair value through profit or loss RM'000	Loan and receivables RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Group				
2014				
Financial Assets				
Trade receivables	-	13,523	-	13,523
Other receivables	-	21,107	-	21,107
Derivative financial assets	700	-	-	700
Cash and bank balances	-	5,981	-	5,981
Total financial assets	700	40,611	-	41,311
Financial Liabilities				
Trade payables	-	-	19,882	19,882
Other payables	-	-	22,404	22,404
Hire purchase payables	-	-	1,816	1,816
Bank borrowings	-	-	59,049	59,049
Total financial liabilities	-	-	103,151	103,151
2013				
Financial Assets				
Trade receivables	-	11,387	-	11,387
Other receivables	-	8,714	-	8,714
Fixed deposits with a licensed bank	-	221	-	221
Cash and bank balances	-	3,018	-	3,018
Total financial assets	-	23,340	-	23,340
Financial Liabilities				
Trade payables	-	-	19,419	19,419
Other payables	-	-	11,814	11,814
Derivative financial liabilities	777	-	-	777
Hire purchase payables	-	-	1,301	1,301
Bank borrowings	-	-	47,330	47,330
Total financial liabilities	777	-	79,864	80,641

36. FINANCIAL INSTRUMENTS (CONT'D)

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

	At fair value through profit or loss RM'000	Loan and receivables RM'000	Other financial liabilities at amortised costs RM'000	Total RM'000
Company				
2014				
Financial Assets				
Other receivables	-	37	-	37
Amount owing by subsidiary companies	-	84,851	-	84,851
Cash and bank balances	-	284	-	284
Total financial assets	-	85,172	-	85,172
Financial Liability				
Other payables	-	-	548	548
2013				
Financial Assets				
Amount owing by subsidiary companies	-	71,238	-	71,238
Cash and bank balances	-	180	-	180
Total financial assets	-	71,418	-	71,418
Financial Liabilities				
Other payables	-	-	357	357
Amount owing to a subsidiary company	-	-	3,559	3,559
Total financial liabilities	-	-	3,916	3,916

(b) Financial risk management objectives and policies

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk

Financial assets that are primarily exposed to credit risks are receivables, inter-company balances, deposits, cash and bank balances.

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

<u>Receivables, deposits, cash and bank balances</u>

The Group has adopted a policy of only dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recorded on the statements of financial position. No financial assets carry a significant exposure to credit risk except as disclosed in Note 9.

<u>Inter-company balances</u>

The Company provides advances to subsidiary companies. 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 period.

At the end of the reporting period, there was no indication that the advances to subsidiary companies are not recoverable other than those which had been impaired. The Company does not specifically monitor the ageing of the advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

<u>Financial guarantees</u>

The Company provides unsecured corporate guarantees amounting to RM62,509,000 (2013: RM51,223,000) to the banks in respect of credit facilities granted to certain subsidiary companies.

At the end of the reporting period, there was no indication that any subsidiary companies would default on repayment. Hence, the financial guarantee granted by the Company has not been recognised since the fair value on initial recognition was not material.

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk

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

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

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

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
2014						
Trade payables	20,818	-	-	-	20,818	20,818
Other payables	22,404	-	-	-	22,404	22,404
Hire purchase payables	672	653	627	-	1,952	1,816
Bank borrowings	33,980	8,050	19,669	2,268	63,967	59,049
	77,874	8,703	20,296	2,268	109,141	104,087
2013						
Trade payables	19,419	-	-	-	19,419	19,419
Other payables	11,814	-	-	-	11,814	11,814
Derivative financial liabilities	777	-	-	-	777	777
Hire purchase payables	416	373	601	-	1,390	1,301
Bank borrowings	30,095	4,226	11,622	7,213	53,156	47,330
	62,521	4,599	12,223	7,213	86,556	80,641

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk

	On demand or within 1 year RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company			
2014			
Other payables	548	548	548
2013			
Other payables	357	357	357
Amount owing to a subsidiary company	3,559	3,559	3,559
	3,916	3,916	3,916

(c) Market risks

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies, primarily USD.

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

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

	Denominated in			
	USD RM'000	RMB RM'000	JPY RM'000	Total RM '000
2014				
Financial assets				
Trade receivables	6,774	-	-	6,774
Cash and bank balances	863	2	-	865
Derivative financial assets	700	-	-	700
	8,337	2	-	8,339
Financial liabilities				
Trade payables	-	-	10	10
Other payables	568	5,061	-	5,629
	568	5,061	10	5,639

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks (Cont'd)

(i) Foreign currency risk (Cont'd)

	Denominated in USD RM'000	RMB RM'000	JPY RM'000	Total RM '000
2013				
Financial assets				
Trade receivables	5,855	-	-	5,855
Cash and bank balances	112	2	-	114
	5,967	2	-	5,969
Financial liabilities				
Trade payables	-	-	10	10
Other payables	1,328	-	-	1,328
Derivative financial liabilities	777	-	-	777
	2,105	-	10	2,115

(ii) Foreign currency risk sensitivity

The following table demonstrates the sensitivity of the Group's profit before taxation for the financial year to a reasonably possible change in the USD, RMB and JPY exchange rates against the respective functional currencies of the Group, with all other variables held constant.

	Increase/(Decreas) 2014 RM'000	2013 RM'000
Effect to profit or loss		
USD		
- Strengthen by 10% (2013: 10%)	777	386
- Weaken by 10% (2013: 10%)	(777)	(386)
RMB		
- Strengthen by 10% (2013: 10%)	(506)	1
- Weaken by 10% (2013: 10%)	506	(1)
JPY		
- Strengthen by 10% (2013: 10%)	1	1
- Weaken by 10% (2013: 10%)	(1)	(1)

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Market risks (Cont'd)

(iii) Interest rate risk

The Group is exposed to interest rate risk arising primarily from financing through interest bearing financial assets and financial liabilities. The Group's policy is to obtain the financing with the most favourable interest rates in the market.

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The Group is exposed to interest rate risk arising from its short and long term debts obligations and its fixed deposits.

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

	Group	
	2014 RM'000	**2013 RM'000**
Financial asset		
Fixed deposits with a licensed bank	-	221
Financial liability		
Bank borrowings	59,049	47,330

(iv) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would decrease the profits before taxation by RM590,000 (2013: RM471,000). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair values of financial instruments

(i) Financial instruments at fair value

The fair value measurement hierarchies used to measure financial instruments at fair value in the statement of financial position are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Financial instruments are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014				
Financial asset				
Derivative financial assets				
- Forward currency contracts	-	700	-	700
2013				
Financial liability				
Derivative financial liabilities				
- Forward currency contracts	-	(777)	-	(777)

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Financial instruments other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

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

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying amounts of the financial liability of the Group at the end of the reporting period reasonably approximate their fair values except as follows:

	Carrying amount RM'000	Fair value RM'000
Financial liability - Non-current		
Hire purchase payables		
2014	1,217	1107
2013	927	849

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

37. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholder value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholder, return capital to shareholder or issue new shares.

Total capital managed at Group level consists of shareholders' equity, cash and cash equivalents and bank borrowings.

The gearing ratio is as follows:

	Group	
	2014 RM'000	2013 RM'000
Total loans and borrowings (RM'000)	60,865	48,631
Less: Cash and bank balances (RM'000)	(5,981)	(3,018)
Net debts (RM'000)	54,884	45,613
Total equity (RM'000)	187,371	164,432
Debt-to-equity ratio	29.3%	27.7%

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

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

38. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 July 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 30 October 2014.

SUPPLEMENTARY FINANCIAL INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of 31 July 2014 and 31 July 2013 into realised and unrealised amounts is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Retained earnings				
- Realised	57,423	25,619	63,747	33,366
- Unrealised	720	(835)	-	-
	58,143	24,784	63,747	33,366
Less: Consolidation adjustments	4,223	15,479	-	-
	62,366	40,263	63,747	33,366

The disclosure of realised and unrealised profits or losses is solely compiled in accordance to the Malaysian Institute of Accountants Guidance of 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 issued on 20 December 2010.

The disclosure of realised and unrealised profits and losses is solely for the purpose of disclosure requirements of Bursa Malaysia Securities Berhad Listing Requirements and should not be applied for any other purpose.

成業資源有限公司
SYF RESOURCES BERHAD
(364372-H)
(Incorporated in Malaysia)

FORM OF PROXY

No. of ordinary shares held	
CDS Account No.	

I/We ……………………………………………………… NRIC/Company No. ……………………………………………
(Full Name in block letters)

of……
(Full address)

being a member(s) of **SYF RESOURCES BERHAD** hereby appoint ………………………………………………

……
(Full Name in block letters)

of…………………………………………………………………………………………………… or failing whom,
(Full address)

……………………………………………………of ……………………………………………………………
(Full name in block letters) (Full address)

……
or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Nineteenth (19th) Annual General Meeting of the Company to be held at Ballroom, Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Friday, 9 January 2015 at 10.00 a.m. and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:

First Proxy (1) __________%_

Second Proxy (2) __________%_

My/Our proxy is to vote as indicated below:-

Resolutions	Subject		
Ordinary Resolutions		**FOR**	**AGAINST**
1	To approve the payment of Directors' fees for the financial year ended 31 July 2014.		
2	To re-elect Dato' Sri Thong Kok Khee who retires in accordance with Article 93 of the Company's Articles of Association.		
3	To re-elect Dato' Sri Ng Ah Chai who retires in accordance with Article 106 of the Company's Articles of Association.		
4	To re-elect Datuk Mohamed Arsad Bin Sehan who retires in accordance with Article 106 of the Company's Articles of Association.		
5	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7	Proposed Renewal of Share Buy-Back Mandate.		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolution at his/her discretion.

Dated this__________day of ___________________2014

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

……………………………………………………………
Signature of shareholder(s)/Common Seal

NOTES :

(i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorized representative) to attend and vote in his/her stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

(ii) A member may appoint a maximum of two (2) proxies to attend and vote at the same meeting. Such appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.

(iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(iv) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
An Exempt Authorised Nominee refers to an Authorised Nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation/company, either under its common seal or under the hand of officer or attorney duly authorised.

(vi) The instrument appointing a proxy must be deposited at the registered office of the Company at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

(vii) Only members whose names appear in the Record of Depositors as at 2 January 2015 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

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STAMP

Company Secretary
SYF RESOURCES BERHAD (364372-H)
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

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SYF RESOURCES BERHAD
Kawasan Perindustrian Sungai Lalang,
Lot 971, Jalan Vill, Mukim Semenyih, Jalan Sungai Lalang
43500 Semenyih, Selangor Darul Ehsan.

T 603 8723 4535   F 603 8723 3500
www.syf.com.my