Annual Report 2016

Local Resources Global Presence

成業資源有限公司

SYF RESOURCES BERHAD

(364372-H)

Local Resources

Global Presence

1	Algeria	23	Fiji	45	Madagascar	67	Rwanda
2	Angola	24	French Polynesia	46	Malawi	68	Saudi Arabia
3	Argentina	25	Gabon	47	Maldives	69	Seychelles
4	Aruba	26	Gambia	48	Mauritius	70	Singapore
5	Australia	27	Greece	49	Momzabique	71	South Africa
6	Bahrain	28	Guatemala	50	Mongolia	72	South Korea
7	Barbados	29	Guyana	51	Montenegro	73	Spain
8	Belarus	30	Haiti	52	Myanmar	74	Sri Lanka
9	Belize	31	Honduras	53	Namibia	75	Suriname
10	Botswana	32	India	54	Netherlands	76	Tanzania
11	Brunei	33	Indonesia	55	New Zealand	77	Thailand
12	Canada	34	Ireland	56	Nicaragua	78	Trinidad & Tobago
13	Chile	35	Ivory Coast	57	Panama	79	Turkey
14	China	36	Jamaica	58	Papua New Guinea	80	Uganda
15	Colombia	37	Jordan	59	Peru	81	United Arab Emirates
16	Congo	38	Kazakhstan	60	Philippines	82	United Kingdom
17	Curacao	39	Kenya	61	Poland	83	United States
18	Cyprus	40	Kuwait	62	Puerto Rico	84	Uruguay
19	Czech Republic	41	Latvia	63	Qatar	85	Vietnam
20	Dominican Republic	42	Liberia	64	Reunion	86	Yemen
21	El Salvador	43	Libya	65	Romania	87	Zambia
22	Estonia	44	Lithuania	66	Russia		

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Notice Of The Twenty-First ("21st") Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the Company will be held at Ballroom, Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor on Tuesday, 10 January 2017 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the financial year ended 31 July 2016 together with the Reports of the Directors and Auditors thereon. *(See Note A)*

As Ordinary Business

2. To approve the payment of Directors' fees of RM114,000 for the financial year ended 31 July 2016. *(Ordinary Resolution 1)*

3. To approve the payment of a First and Final Single-Tier Dividend of 4% or 1 sen for each ordinary share of RM0.25 each in respect of the financial year ended 31 July 2016. *(Ordinary Resolution 2)*

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

   (i) Cheong Yee Kiong *(Ordinary Resolution 3)*

   (ii) Foo Lee Khean *(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)*

As 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 Act"), 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 Act, 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 THE EXISTING AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL** *(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 ("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 maximum number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities for the time being of the Company ("Shares"); and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the aggregate retained earnings and share premium reserves of the Company at the time of the purchase(s). As of 31 July 2016, the audited retained profits and share premium account of the Company were recorded at RM27,835,000 and Nil respectively; and

THAT upon completion of the purchase by the Company of its own Shares, the Directors of the Company are authorised to deal with the said Shares in the following manner:-

i) cancel the shares so purchased; and/or

ii) retain the Shares so purchased as Treasury Shares; and/or

iii) retain part of the shares so purchased as Treasury Shares and cancel the remainder; or

iv) resell the Treasury Shares on Bursa Securities and/or distribute the Treasury Shares as dividends to the Company's shareholders and/or subsequently cancel the Treasury Shares or combination of the three;

and in any other manner as prescribed in the Act, rules and regulations and orders made pursuant to the Act and the requirements of Bursa Securities and/or any other relevant authority for the time being in force.

AND THAT the Directors of the Company be and are hereby empowered to carry out the above immediately upon the passing of this resolution and the authority conferred by this resolution will continue to be in force from the date of the passing of this resolution until:-

(a) the conclusion of the next Annual General Meeting of the Company following this 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 is the earliest.

AND the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of the Existing Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Issued And Paid-Up Share Capital contemplated and/or authorised by this Ordinary Resolution."

Notice Of The Twenty-First ("21st") Annual General Meeting (Cont'd)

8. **PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** *(Ordinary Resolution 8)*

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.4 of the Circular to Shareholders dated 30 November 2016 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Securities, subject to the following:

(i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;

(ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:

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

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

(iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:

(a) the consideration, value of the assets, capital outlay or costs of RRPT(s) is RM1.0 million or more; or

(b) any one of the percentage ratios of such RRPT(s) is 1% or more,

whichever is the higher;

and amongst other, based on the following information:

(a) the type of the Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with SYF Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

Notice Of The Twenty-First ("21st") Annual General Meeting (Cont'd)

9. 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
30 November 2016

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 authorised 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 with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 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 4 January 2017 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

2. EXPLANATORY NOTES ON ORDINARY BUSINESS

Note A - Audited Financial Statements For The Financial Year Ended 31 July 2016

This agenda item 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 resolution is not put forward to the shareholders of the Company for voting.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 6 – Authority To Issue Shares Pursuant To Section 132D Of The Act

Ordinary Resolution 6 is the renewal of the general mandate under Section 132D of the Act ("general mandate") and if passed, will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisition and/or for issuance of shares as settlement of purchase consideration. The general mandate will, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company did not issue any new shares pursuant to Section 132D of the Act under the general mandate which was approved at the Twentieth Annual General Meeting of the Company held on 7 January 2016.

Ordinary Resolution 7 – Proposed Renewal Of The Existing Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Issued And Paid-Up Share Capital

Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities up to ten percent (10%) of the issued and paid-up capital of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

For further information on this resolution, please refer to the Share Buy-Back Statement dated 30 November 2016 which is despatched together with the Annual Report 2016.

Ordinary Resolution 8 – Proposed New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in Section 2.4 of the Circular to Shareholders dated 30 November 2016, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

For further information on this resolution, please refer to the Circular to Shareholders dated 30 November 2016 which is despatched together with the Annual Report 2016.

Notice Of The Twenty-First ("21st") Annual General Meeting (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of shareholders at the 21st Annual General Meeting of the Company to be held on Tuesday, 10 January 2017, if approved, the First and Final Single-Tier Dividend of 4% or 1 sen per share in respect of the financial year ended 31 July 2016 will be paid on 29 March 2017 to the depositors registered in the Record of Depositors of the Company at the close of business on 15 March 2017.

A Depositor shall qualify for entitlement only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 pm on 15 March 2017 in respect of ordinary transfers; and

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

Statement Accompanying Notice Of 21st Annual General Meeting

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Name of Directors Standing for Re-Election

The Directors standing for re-election at the forthcoming 21st Annual General Meeting of the Company are as follows:-

(i) Cheong Yee Kiong	Article 106	(Ordinary Resolution 3)
(ii) Foo Lee Khean	Article 106	(Ordinary Resolution 4)

The profile of the above Directors are set out on pages 19 to 22 of the Annual Report 2016. 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 59 to 64 of the Annual Report 2016.

The details of the Directors' attendance for Board Meetings are disclosed in page 34 of the Corporate Governance Statement of the Annual Report 2016.

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

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF THE EXISTING AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL

Statement to Shareholders in relation to the Proposed Renewal of the existing authority for SYF Resources Berhad ("SYF or "the Company") to Purchase its own Shares up to ten percent (10%) of its Issued and Paid-up Share Capital of RM0.25 Each ("SYF Shares") on the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")("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 2016, the Company's accumulated retained profits and share premium accounts were recorded at RM27,835,000 and nil respectively.

4. Source of Funds for the Proposed Share Buy-Back

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 shareholdings 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 31 October 2016, 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 13,321,000 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 13,321,000 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	315,276,200	51.49	-	-	315,276,200	57.21	-	-
Dato' Sri Chee Hong Leong, JP	67,156,600	10.97	-	-	67,156,600	12.19	-	-
Dr. Roslan bin A. Ghaffar	-	-	-	-	-	-	-	-
Datuk Mohamed Arsad bin Sehan	-	-	-	-	-	-	-	-
Foo Lee Khean	-	-	-	-	-	-	-	-
Cheong Yee Kiong	680,000	0.11	-	-	680,000	0.12	-	-
Dato' Sri Thong Kok Khee*	-	-	55,000,000	8.98	-	-	55,000,000	9.98

Statement In Relation To The 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	315,276,200	51.49	-	-	315,276,200	57.21	-	-
Dato' Sri Chee Hong Leong, JP	67,156,600	10.97	-	-	67,156,600	12.19	-	-
Insas Credit & Leasing Sdn Bhd	55,000,000	8.98	-	-	55,000,000	9.98	-	-
Insas Berhad**	-	-	55,000,000	8.98	-	-	55,000,000	9.98
Dato' Sri Thong Kok Khee*	-	-	55,000,000	8.98	-	-	55,000,000	9.98

Notes:

^ Based on the issued and paid-up share capital (less treasury shares of 10,000) of 612,330,012 Shares as at LPD.

Based on the issued and paid-up share capital (less treasury shares of 61,234,001) of 551,106,011 Shares, under Scenario 1.

* Indirect interest by virtue of deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Berhad

** Indirect interest by virtue of deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Credit & Leasing Sdn Bhd

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	315,276,200	51.49	-	-	318,276,200	50.87	-	-
Dato' Sri Chee Hong Leong, JP	67,156,600	10.97	-	-	67,156,600	10.73	-	-
Cheong Yee Kiong	680,000	0.11	-	-	3,560,000	0.57	-	-
Dr. Roslan bin A. Ghaffar	-	-	-	-	-	-	-	-
Datuk Mohamed Arsad bin Sehan	-	-	-	-	-	-	-	-
Foo Lee Khean	-	-	-	-	-	-	-	-
Dato' Sri Thong Kok Khee	-	-	55,000,000	8.98	-	-	55,000,000	8.79
Substantial Shareholders								
Dato' Sri Ng Ah Chai	315,276,200	51.49	-	-	318,276,200	50.87	-	-
Dato' Sri Chee Hong Leong, JP	67,156,600	10.97	-	-	67,156,600	10.73	-	-
Insas Credit & Leasing Sdn Bhd	55,000,000	8.98	-	-	55,000,000	8.79	-	-
Insas Berhad**	-	-	55,000,000	8.98	-	-	55,000,000	8.79
Dato' Sri Thong Kok Khee*	-	-	55,000,000	8.98	-	-	55,000,000	8.79

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

	(II) After (I) and the Proposed Renewal of Share Buy-Back Mandate			
	Direct	% @	Indirect	% @
Directors				
Dato' Sri Ng Ah Chai	318,276,200	56.52	-	-
Dato' Sri Chee Hong Leong, JP	67,156,600	11.93	-	-
Cheong Yee Kiong	3,560,000	0.63	-	-
Dr. Roslan bin A. Ghaffar	-	-	-	-
Datuk Mohamed Arsad bin Sehan	-	-	-	-
Foo Lee Khean	-	-	-	-
Dato' Sri Thong Kok Khee	-	-	55,000,000	9.77
Substantial Shareholders				
Dato' Sri Ng Ah Chai	318,276,200	56.52	-	-
Dato' Sri Chee Hong Leong, JP	67,156,600	11.93	-	-
Insas Credit & Leasing Sdn Bhd	55,000,000	9.77	-	-
Insas Berhad**	-	-	55,000,000	9.77
Dato' Sri Thong Kok Khee*	-	-	55,000,000	9.77

Notes:

^ Based on the issued and paid-up share capital (less treasury shares of 10,000) of 612,330,012 Shares as at LPD.

Based on the issued and paid-up share capital (less treasury shares of 10,000) of 625,651,012 Shares, under Scenario 2.

@ Based on the issued and paid-up share capital (less treasury shares of 62,566,101) of 563,094,911 Shares, under Scenario 2.

* Indirect interest by virtue of deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Berhad.

** Indirect interest by virtue of deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Credit & Leasing Sdn Bhd.

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	612,340,012	612,340,012
To be issued assuming full exercise of the total outstanding ESOS options	-	13,321,000
Resultant issued and paid-up share capital	612,340,012	625,661,012
Maximum number of SYF Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate (including 10,000 treasury shares held by the Company as at LPD).	61,234,001	62,566,101
Resultant Share Capital after cancellation of SYF Shares bought back	551,106,011	550,094,911

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

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 Share 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 will 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.

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

8. 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.

9. Purchase of Shares during the Financial Year Ended 31 July 2016

During the financial year ended 31 July 2016, 10,000 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 2016 is disclosed in the Additional Compliance Statement pages 38 to 39 of the Annual Report 2016 of the Company.

As at LPD, the Company held a total of 10,000 treasury shares.

10. Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 28.45% with 3,218 shareholders. 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.

11. Historical Share Prices

The monthly highest and lowest prices of SYF shares traded on Bursa Securities for the past twelve (12) months ended 31 October 2016 are as follows:-

	Highest (RM)	Lowest (RM)
2015		
November	0.53	0.47
December	0.65	0.49
2016		
January	0.75	0.55
February	0.63	0.55
March	0.63	0.55
April	0.62	0.56
May	0.61	0.56
June	0.60	0.56
July	0.58	0.56
August	0.56	0.50
September	0.51	0.50
October	0.56	0.51

The last transacted price of SYF Shares on 31 October 2016, being the LPD, was RM0.52.
(Source: Yahoo! Finance)

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

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 Twenty-First (21st) 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

CHEONG YEE KIONG
Executive Director

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

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

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

DATUK MOHAMED ARSAD BIN SEHAN
Independent Non-Executive Director

FOO LEE KHEAN
Independent Non-Executive Director

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 & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222
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

OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Bank of China (Malaysia) Berhad
HSBC Amanah Malaysia Berhad
The Bank of East Asia, Limited

Corporate Structure

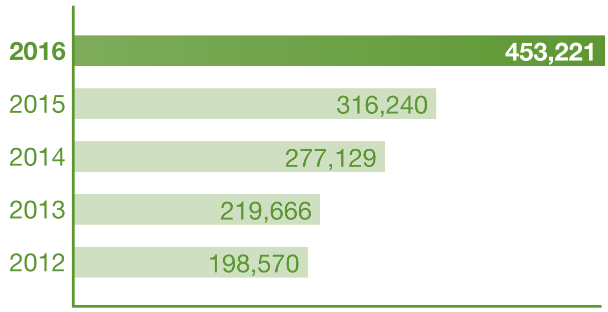
成業資源有限公司
SYF RESOURCES BERHAD
(364372-H)

PROPERTY DEVELOPMENT	100%	SYF DEVELOPMENT SDN BHD
	100%	SYF CONSTRUCTION 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%	POPULAR VANTAGE SDN BHD
	100%	NURI MERIAH SDN BHD
	100%	NIKMAT SEKITAR SDN BHD

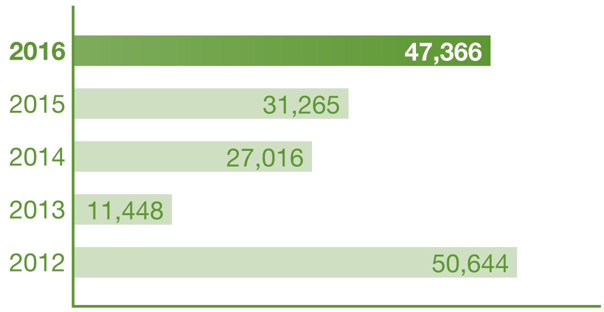
5-Year Financial Highlights And Indicators

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Revenue	453,221	316,240	277,129	219,666	198,570
E/(L)BITDA	64,998	44,836	38,572	20,378	58,426
Profit/(loss) before taxation	47,366	31,265	27,016	11,448	50,644
Profit/(loss) after taxation	38,217	24,585	21,698	11,855	50,718
Net profit/(loss) attributable to owners of the parent	38,217	24,585	21,698	11,855	50,718
Total assets	535,754	425,413	308,157	254,726	234,524
Total borrowings	123,436	93,417	60,865	48,631	34,747
Shareholders' equity	280,589	241,602	187,371	164,432	149,287
Return on equity (%)	14%	10%	12%	7%	34%
Return on total assets (%)	7%	6%	7%	5%	22%
Gearing ratio (times)	0.44	0.39	0.32	0.30	0.23
Earnings/(loss) per share - basic (sen)	6.2	4.0	3.7	2.1	9.6
Net assets per share (RM)	0.46	0.40	0.32	0.28	0.26

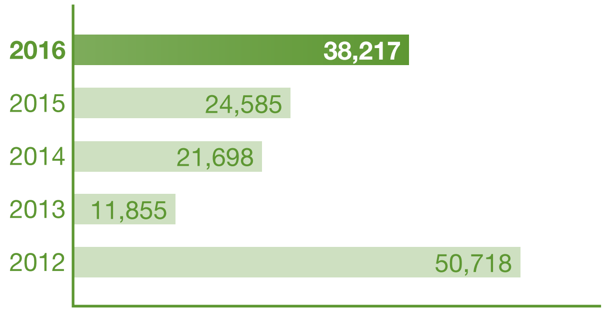
Revenue
(RM'000)



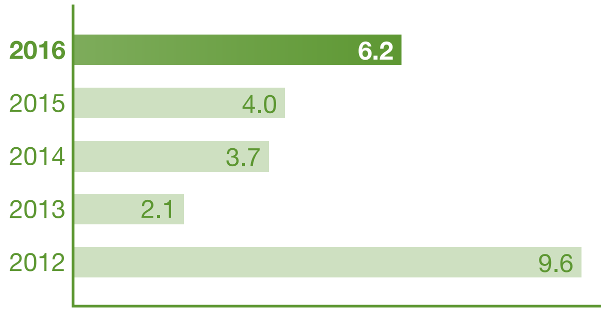
Profit/(loss) before taxation
(RM'000)



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



Earnings/(loss) per share
(sen)



Profile Of Directors

DATO' SRI NG AH CHAI

Malaysian/Male
Executive Chairman & Chief Executive Officer
Chairman of Employees' Share Option Scheme Committee
Chairman of Risk Committee

Dato' Sri Ng Ah Chai, aged 54, 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 a major shareholder of the Company with a direct shareholding of 315,276,200 ordinary shares of RM0.25 each in the Company together with 157,638,100 warrants, besides his entitlement under the Employees' Share Option Scheme ("ESOS").

Apart from the Company, he is the Managing Director of Mieco Chipboard Berhad.

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 five (5) years. He is a major shareholder of Kiara Susila Sdn Bhd, which is jointly developing a property development project 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.

DATO' SRI CHEE HONG LEONG, JP

Malaysian/Male
Executive Director
Chairman of Remuneration Committee
Member of ESOS Committee

Dato' Sri Chee Hong Leong, JP, aged 52, 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 to 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.

He is a substantial shareholder of the Company with a direct shareholding of 67,156,600 ordinary shares of RM0.25 each together with 33,578,300 warrants.

He is an Independent Non-Executive Director of Priceworth International Berhad.

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 five (5) years. He is a director and substantial shareholder of Kiara Susila Sdn Bhd, which is jointly developing a property development project 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.

Profile Of Directors
(Cont'd)

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

Dato' Sri Thong Kok Khee, aged 62, 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 Berhad, and a Non-Independent Non-Executive Director of Inari Amertron Berhad, Omesti Berhad and Ho Hup Construction Company Berhad.

He is a substantial shareholder of the Company with an indirect shareholding of 55,000,000 ordinary shares of RM0.25 each together with 20,929,000 warrants.

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 five (5) years.

DR. ROSLAN BIN A. GHAFFAR
Malaysian/Male
Senior Independent Non-Executive Director
Chairman of Audit and Nomination Committees
Member of Remuneration Committee

Dr. Roslan Bin A. Ghaffar, aged 64, 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 until 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 organisations 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.

Apart from the Company, Dr. Roslan is an Independent Non-Executive Director of Cagamas Berhad and MRCB-Quill Management Sdn Bhd. He is also an Independent Non-Executive Director and Chairman for Box-Pak (Malaysia) Berhad.

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 five (5) years.

FOO LEE KHEAN

Malaysian/Male
Independent Non-Executive Director
Member of Audit, Nomination, Remuneration and ESOS Committees

Mr. Foo Lee Khean, aged 53, 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 specialising 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.

Apart from the Company, Mr. Foo is an Independent Non-Executive Director of SMIS Corporation Berhad, Kumpulan Jetson Berhad and HSS Engineers Berhad. He is also a Non-Independent Non-Executive Chairman of Systech Bhd.

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 five (5) years.

DATUK MOHAMED ARSAD BIN SEHAN

Malaysian/Male
Independent Non-Executive Director
Member of Audit and Nomination Committees

Datuk Mohamed Arsad bin Sehan, aged 63, 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. He is also a council member of the Federation of Malaysian Manufacturers (FMM) and the chairman of FMM Negeri Sembilan branch.

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 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 five (5) years.

Profile Of Directors
(Cont'd)

CHEONG YEE KIONG

Malaysian/Male
Executive Director
Member of Risk Committee

Mr. Cheong Yee Kiong, aged 55, was appointed to the Board on 18 November 2008. He 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 shareholder of the Company with a direct shareholding of 680,000 ordinary shares of RM0.25 each in the Company together with 340,000 warrants, besides his entitlement under the ESOS.

He does not hold any directorship in public companies and other listed issuers. Except for his shareholding interest in 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 five (5) years.

DATO' WONG GIAN KUI

Malaysian/ Male
Alternate Director to Dato' Sri Thong Kok Khee

Dato' Wong Gian Kui, aged 57, 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 was previously attached to 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, an Executive Director of Inari Amertron Berhad and an Independent Non-Executive Director of Yi-Lai Berhad. Prior to this, he was an Executive Director of Insas Berhad since September 1992.

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 five (5) years.

Key Senior Management Profiles

DATIN SRI CHEE AH KUAN

Malaysian/Female
General Manager, Credit Control
Member of Risk Committee

Datin Sri Chee Ah Kuan, aged 53, graduated from the School of Business Studies, Tunku Abdul Rahman College. She is the spouse of Dato' Sri Ng Ah Chai and the pioneer staff when Dato' Sri Ng co-founded Seng Yip Furniture Sdn Bhd in 1993. She is presently overseeing the Group's credit control and office management.

TSEU CHIN FOO

Malaysian/Male
General Manager, Production
Member of Risk Committee

Mr. Tseu Chin Foo, aged 50, rose through rank and file to become the production general manager in 2006. He oversees the plants operation and quality assurance of SYF. Prior to joining SYF, he gained his working experience in operations of factories locally and in Singapore.

LEE OON KAR

Malaysian/Male
Senior Manager, Finance
Member of Risk Committee

Mr. Lee Oon Kar, aged 45, holds a Bachelor Degree in Accountancy from Northern University of Malaysia and is also a member of the Malaysia Institute of Accountants. Upon graduation, he joined Deloitte KassimChan and left as an audit senior. He was with a few multi-national manufacturing companies before joining SYF in 2001 as an accountant and was appointed to his current role in 2006.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and Financial Statements of the Group and Company for the year ended 31 July 2016.

The year 2016 was a very good year for SYF as we recorded an historical high of RM38.6 million profit after tax from our business operations.

FINANCIAL RESULTS

Group turnover came in at RM453.2 million, up by more than a third from RM316.2 million previously. On the back of this increased turnover, profit after tax grew by 55% to RM38.2 million.

The stellar results were achieved with better performance from all operating segments with the property division contributing RM21.8 million, just over half of Group profit after tax. Active on-going construction progress and good response to the Group's development projects were the main drivers of growth in the property division.

In manufacturing, the board division improved significantly with profit after tax of RM3.0 million as compared to its marginal contribution of RM0.7 million previously while the rubber wood furniture and materials division recorded RM16.8 million against RM12.5 million last year.

REVIEW OF OPERATIONS

Operating conditions were relatively difficult during the year, with world markets lacking in any strong positive signals and beset by the uncertainty of the American elections as well as the potential effect of Brexit. On the domestic front, the market remained sluggish with business sentiment not particularly positive.

In property development, the market slowed down with demand for all types of properties generally weak and lending institutions continuing to be stringent in their lending requirements. The Group, however, was able to generate satisfactory response to the on-going Kiara Plaza development in Semenyih as well as to reach an advanced stage of completion so as to expedite profit recognition. During the year, Lavender Residence in Sungai Long was opened for sale and we managed to sell out all 192 units. Construction was started in mid-year and has contributed to the year's results. As for the Wira Heights 3 semi-detached project in Sungai Long, we had practically completed construction by year-end.

Over in manufacturing, the board division has started to generate returns as the particle board plant in Gemas operated at full capacity for the larger part of the year. Local particle board demand was strong and provided the offtake for all of the plant's output. Meanwhile, commercial operations of the new medium density fiberboard ("MDF") plant in Simpang Pertang was delayed by teething technical issues and prolonged process of obtaining local approvals for the premises' certificate of completion and compliance. On the next stage of expansion, work had begun on a second particle board plant in Rompin to increase the production capacity and capitalize on the strong market demand for particle board.

As for the rubber wood segment, it was a relatively quiet year with local demand for solid rubber wood materials and components under continuous pressure from cheaper substitutes such as particle boards, MDF and also tropical timber-based materials. With local demand being under pressure, effort was directed in seeking export markets particularly in China and India for the Group's processed solid rubber wood materials. Although the response was encouraging, we were still in the trial stage and had not yet penetrated such markets in a significant way.

Lastly, the Group's furniture manufacturing activity faced a challenging environment with the local industry competing for export orders and the dominant players increasing their market share. At the same time, production capability was affected by the unavailability of obtaining approvals for foreign workers.

CORPORATE EXERCISE

There were no corporate exercises during the year.

PROSPECTS AND FUTURE OUTLOOK

Having established a track record with the success of the existing projects in Sungai Long and Semenyih, we are now planning for follow-up projects in these locations as they have proven to be marketable. Further, we will leverage on our exposure and experience in these areas to identify and deliver the right products to the market.

In manufacturing, the board division's expansion is progressing and will show continued growth with the MDF plant coming on stream by mid-financial year. With this second plant in operations, the board division will have increased capacity and will contribute more substantially to Group results. Meanwhile, the third plant located in Rompin has commenced implementation and is targeted to be fully operational by December 2017.

Chairman's Statement
(Cont'd)

While the property and board divisions form the thrust of the Group's growth strategy, we are actively pursuing to broaden the market for our traditional rubber wood segment with some inroads being made into export markets for processed solid rubber wood timber and laminated boards.

The Board will continuously review the efficacy of the business strategies adopted as well as to identify new opportunities to bring further progress to SYF.

BOARD CHANGES

There were no changes to the Board during the year.

DIVIDEND

A first and final dividend of 1 sen per ordinary share for the financial year ended 31 July 2016 has been proposed for approval by shareholders at the forthcoming annual general meeting.

APPRECIATION

On behalf of the Board, my gratitude and sincere thanks go to all our customers, business associates, financiers, professional advisers and consultants and government agencies for their continued assistance and support.

I am also thankful to my fellow shareholders for their investment and board members for their invaluable guidance and advice.

Finally, I commend the staff for their dedication, commitment and perseverance in championing the growth of the SYF Group.

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 ("Board") of SYF Resources Berhad ("SYF" or "the Company") recognises the importance of practising and maintaining sound corporate governance to direct the businesses and practices of the Group towards enhancing business prosperity, sustainability and on-going value creation for its stakeholders. The Board is committed to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("the Code") are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The Board is pleased to provide the following statement of how the Group has adopted and applied the principles and complied with the best practices outlined in the Code and Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Roles and Responsibilities

The Group is led by an effective and experienced Board with members from diverse backgrounds and specialisations possessing a wide range of expertise. They bring a broad range of skills, experience and knowledge which gives added strength to the leadership in managing and directing the Group's operations.

The specific duties of the Board and a formal schedule of matters reserved for the Board and those delegated to Management are spelt out in the Board Charter. It is the practice of the Board to deliberate on significant matters that concern the overall Group business strategy, acquisition or divestment, major capital expenditure and significant financial matters as well review of the financial and operating performance of the Group.

To enhance its effectiveness, the Board has established five (5) board committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Employees' Share Option Scheme ("ESOS") Committee, and Risk Committee, to examine specific issues within their respective terms of reference as approved by the Board, and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board. The Board reviews the Committees' authority and terms of reference from time to time to ensure its relevance and enhance its efficacy.

Board Charter

The Board has adopted a Board Charter that sets out its roles, functions, responsibilities, composition, operation and processes that are in line with the principles of good corporate governance and requirements of MMLR and Bursa Securities. The Board Charter further defines the roles, functions, responsibilities and powers of the Board, the Board Committees and the Management. It also defines the specific accountabilities and responsibilities of the Board to enhance coordination, communication and facilitation between the Management and the Board and ultimately, to reinforce the overall accountability of both of the Board and the Management towards the Company and the Stakeholders as well as to serve as reference criteria for the Board in the assessment of its own performance and of its individual Directors.

The Board Charter is available on the Company's website at www.syf.com.my. The Board Charter addresses, among others, the following matters:-

a) a general outline of the Board's purpose;
b) an overview of the Board's roles and responsibilities;
c) structure and membership, including a requirement that two (2) or one-third of the members, whichever is higher, shall comprise of Independent Directors;
d) a formal schedule of matters reserved for the Board;
e) a position description of the role of the Chairman, the Executive Directors as well as the Independent Directors; and
f) appointment of Board Committees.

The Board Charter is subject to periodically review to ensure that it remains consistent with the Board's objectives and responsibilities.

Board Balance and Composition

The Board currently comprises seven (7) members of whom three (3) are Executive Directors (including the Executive Chairman & Chief Executive Officer), two (2) are Independent Non-Executive Directors, one (1) Senior Independent Non-Executive Director and One (1) Non-Independent Non-Executive Director. The Board has complied with the requirement for one third (1/3) of its members to be independent as stated in Paragraph 15.02(1) of the MMLR of Bursa Securities.

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that mattes and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

With this composition of members, the Board is satisfied that it fairly reflects the investment of the minority shareholders and represents the required mix of skills and experience required for the effective discharge of the Board's duties and responsibilities.

The Board acknowledges that although the current board composition complies with MMLR of Bursa Securities, the Company was not able to apply the recommendation of the Code which requires that the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director. The Board of Directors of the Company, notwithstanding that the Chairman is not an independent Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority on the Board as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process. Nevertheless, the Board will endeavour to fulfill the recommendation under the Code.

A brief profile of each Director is presented on pages 19 to 22 of the Annual Report.

Promoting Sustainability

The Board regularly reviews the strategies and direction of the Group and each business unit within the Group. The Board takes into account the business, industry and regulatory environment in which the Group's businesses operate in. It also takes keen interest to ensure that each of these business units is in compliance with statutory regulations on safety and occupational health, and to promote environmentally friendly policies throughout the Group.

Code of Ethics

The Board discharging its functions has observed the Code of Ethics for the Company Directors issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, the provisions of the Companies Act, 1965 and the principles of the Code.

Access to Information and Advice

The Board, as a whole and its members in their individual capacities, has unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be delivered upon. Senior Management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

As and when necessary, the Board may obtain independent professional advice, at the Company's expense to render their independent views and advice to the Board, whenever deemed necessary and under appropriate circumstances or at the request of the Board. The External Auditors also briefed the Board members on the Financial Reporting Standards that would affect the Group's financial statements during the year.

Company Secretaries

The Company Secretaries advise the Board and its Committees on their duties and obligations, and the appropriate requirements, disclosures and procedures to be complied with in relation thereto. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference and brief the Board members on the updates quarterly. They also oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings to ensure that these meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

STRENGTHEN COMPOSITION

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 MMLR of Bursa Securities, each member of the Board holds not more than five directorships in public listed companies.

Appointments to the Board

The Nomination 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:-

- The NC reviews the Board's composition through Board assessment/evaluation;
- The NC determines skills matrix;
- The NC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- The NC recommends to the Board for appointment; and
- The Board approves the appointment of the candidates

In determining the process for the identification of suitable candidates, the NC will ensure that an appropriate review is undertaken to ensure the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to the following:

a) Skills, knowledge, expertise and experience;
b) Professionalism;
c) Integrity;
d) Existing number of directorships held;
e) Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and
f) in the case of candidates being considered for the position of independent director, such potential candidates have the ability to discharge such responsibilities/functions as expected from independent non-executive directors. Amongst others, the potential candidates must fulfill the criteria used in the definition of "independent directors" prescribed by the Listing Requirements and being able to bring independent and objective judgement to the Board.

Where required, the members of the NRC would meet up with potential candidates for the position of director to conduct an assessment of the suitability.

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.

Board Committees

In the discharge of its fiduciary duties, a number of standing and Board Committees have been established to assist the Board. The Committees established, namely Audit Committee, Nomination Committee, Remuneration Committee, Employees' Share Option Scheme ("ESOS") and Risk Committee comprises members of the Board, the composition of which are determined after careful consideration of the mix of expertise, experience and independence of the members.

i) Audit Committee ("AC")

Composition of the AC, its term of reference and a summary of its activities are set out in the Audit Committee Report of this Annual Report 2016.

ii) Nomination Committee

The current members of the Nominating Committee ("NC"), comprising non-executive directors and the majority of whom are independent, are:-

- Dr. Roslan Bin A. Ghaffar *(Chairman, Senior Independent Non-Executive Director)*
- Datuk Mohamed Arsad Bin Sehan *(Member, Independent Non-Executive Director)*
- Foo Lee Khean *(Member, Independent Non-Executive Director)*

The roles and responsibilities of the NC include the nomination and screening of board member candidates; the recommendation to the Board of the candidates to fill the seats on the various Board Committees; the annual assessment of the effectiveness of the Board as whole, the committees of the Board and the contributions of each individual Directors; and the annual review of the required mix of skills and experience, including core competencies which Non-executive Directors should bring in to the Board.

The NC operates within defined terms of reference that has been drawn up in accordance with the best practices prescribed by the Code.

The summary of activities undertaken by the NC during the financial year included the following:

(a) Reviewed the Assessment Report on Individual Director for 2016 and make appropriate recommendation to the Board;
(b) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association;
(c) Reviewed the profile of new directors and recommended their appointment to the Board for approval;
(d) Reviewed training programs for the Board and ensure that all newly appointed Directors undergo appropriate induction programmes and receive continuous training; and
(e) Reviewed the Terms of Reference of the NC.

iii) Remuneration Committee

The Remuneration Committee ("RC") consists of two (2) Non-Executive Directors, all of whom are independent and a Executive Director. The members of the RC are as follows:-

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

The Board believes in a remuneration policy that fairly supports the Directors' ability to carry out his or her responsibilities and fiduciary duties in steering and growing the Group with a view to enhance shareholders' value in a sustainable manner.

The RC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits and is guided by market norms and best industry practices. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group. Executive Director shall abstain from the deliberation and voting on decisions in respect of their own remuneration package.

The RC recommends the Directors' fee payable to Non-Executive Directors of the Board and are deliberated and decided at the Board before it is presented at the AGM for shareholders' approval.

The RC operates within defined terms of reference that has been drawn up in accordance with the best practices prescribed by the Code.

The summary of activities undertaken by the RC during the financial year included the following:

(a) Reviewed and recommended the Directors' fee payable to Non-Executive Director for the financial year ended 31 July 2016;
(b) Reviewed the compensation policy of the Executive Directors and ensuring alignment of compensation to corporate performance, and that the compensation offered are in line with market practice and industry norm; and
(c) Reviewed the Terms of Reference of the RC.

For confidentiality, the details of the Directors' remuneration are not disclosed for each individual Director. The transparency and accountability aspects of corporate governance applicable to Directors' remuneration recommended by the best practices of the Code are deemed appropriately served by the disclosures in the ensuing paragraphs.

The aggregate remuneration of Directors who served during the financial year ended 31 July 2016 are categorised as follows:-

i) The Group

	Fees (RM)	Salaries and Other Emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	-	2,078,917	48,600	2,127,517
Non-Executive Directors	114,000	-	-	114,000
Total	114,000	2,078,917	48,600	2,241,517

ii) The Company

	Fees (RM)	Salaries and Other Emoluments (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors	-	-	-	-
Non-Executive Directors	114,000	-	-	114,000
Total	114,000	-	-	114,000

The number of Directors whose total remuneration falls into the respective bands is as follows:-

	Number of Directors			
	The Group		The Company	
Range of Remuneration (RM)	Executive	Non-Executive	Executive	Non-Executive
50,000 & below	-	3	-	3
400,001 to 450,000	1	-	-	-
550,001 to 600,000	1	-	-	-
1,100,001 to 1,150,000	1	-	-	-

iv) Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee is primarily responsible for administering the Company's ESOS in accordance with the approved ESOS Bye-Laws and regulation.

The ESOS Committee comprises of the following members:-

- Dato' Sri Ng Ah Chai *(Chairman, Executive Chairman & Chief Executive Officer)*
- Dato' Sri Chee Hong Leong, JP *(Member, Executive Director)*
- Foo Lee Khean *(Member, Independent Non-Executive Director)*

V) Risk Committee

The Risk Committee established to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted, the committee reports to the AC and comprises the following members:-

- Dato' Sri Ng Ah Chai *[Chairman, Executive Chairman & Chief Executive Officer]*
- Cheong Yee Kiong *[Member, Executive Director]*
- Datin Sri Chee Ah Kuan *[Member, General Manager (Credit Control)]*
- Tseu Chin Foo *[Member, General Manager (Production)]*
- 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.

REINFORCE INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the Code.

Annual Assessment of Independence

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in paragraph 1.01 of the MMLR of Bursa Securities. The key element for fulfilling the criteria is the appointment of an Independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Board with the assistance of the NC also assesses the effectiveness of the Board as whole, the Board Committees and the contribution of each individual Director, including Independent Directors, on an annual basis. All assessments and evaluations carried out by the NC in discharging its duties were also properly documented.

For the financial year ended 31 July 2016, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independent demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to nine (9) years of service. The Board has adopted a nine (9) years policy for Independent Directors. Upon completion of the nine (9) years, an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the Director being re-designated as a non-independent Director. In the event such Director is to be retained as an independent Director. The Board must first justify and obtain shareholders' approval.

As at the end of the financial year, none of the Independent Non-Executive Directors have been with the Company for more than nine (9) years.

FOSTER COMMITMENT

Time Commitment

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. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

Senior management and/or external advisors may be invited to attend Board meetings to advise and/or furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

The Board would normally allocate their time at scheduled Board meeting during the year as follow:-

a) reviewing the Executive Director's Quarterly Operational Report comprising the operational performance of the various business units, their key performance indicators, status of trade receivables and collections and any incidence of fraud;
b) reviewing the Quarterly Financial Reports and Annual Budgets;
c) reviewing the reports and minutes of each of the Board Committees; and
d) legal and secretarial matters including any pronouncements from the stock exchange.

The Board met four (4) times during the financial year ended 31 July 2016. Details of each director's attendance for the financial year are as follows:

Name of Directors	Attendance
Dato' Sri Ng Ah Chai	4/4
Dato' Sri Chee Hong Leong, JP	4/4
Cheong Yee Kiong	4/4
Dato' Sri Thong Kok Khee	3/4
Dato' Wong Gian Kui *(Alternate Director to Dato' Sri Thong Kok Khee)*	2/4
Dr. Roslan Bin A. Ghaffar	4/4
Datuk Mohamed Arsad Bin Sehan	4/4
Foo Lee Khean	3/4

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Directors' Training

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. The Board will on a continuous basis, evaluate and determine the training needs of its members.

All the Directors have attended the Directors' Mandatory Accreditation Programme as required by Bursa Securities. During the financial year, most of the Directors have attended various training programmes, forums and seminars as follows:

- Seminar on GST Updates & 2016 Budget Major Highlights
- 2016 Budget & Tax Seminar
- Corporate Governance Disclosures "What Makes Good, Bad and Ugly Corporate Governance Reporting?"
- The Interplay between Corporate Governance, Non-Financial Information and Investment Decision – What Boards of Listed Companies Need to Know
- Global & Regional Developments in Institutional Stewardship and Corporate Governance Practices
- Board Chairman Series: Tone from the Chair and Establishing Boundaries
- ASEAN Fixed Income Summit (AFIS), Manila, Philippines
- Investors Briefing
- Board Masterclass on Effective Enterprise Risk Management Practices & Practical Enterprise Risk Management Implementation Issues

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Statutory and Financial Reporting Standards

In presenting the annual reports and audited financial statements and announcing quarterly results, the Board aims to present an accurate, balanced assessment of the Group's financial position and prospects.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 37 of this Annual Report 2016.

The Board assisted by the Audit Committee in discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high quality financial reporting. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out on pages 43 to 47 of this Annual Report 2016.

Suitability and Independence of External Auditors

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. The Audit Committee had reviewed the suitability and independence of external auditors and recommended their re-appointment for the financial year ending 31 July 2017.

The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of references as detailed on pages 43 to 47 of this Annual Report 2016.

RECOGNISE AND MANAGE RISKS

Risk Management

The Board is responsible for the Group's risk management framework and system of internal control and for reviewing their adequacy and integrity. The Board is committed to an ongoing process of identifying, evaluating and managing significant risks in the pursuit of its corporate objectives. The Executive Directors and Senior Management assist the Board on the implementation and maintenance of the risk management process and compliance with Board's policies on risk and control.

Internal Audit Function

The Board recognises the importance of an effective internal control system in improving risk management, enhancing controls and ensuring compliance with applicable laws and regulations. The internal control system also designed to safeguard the Group's operations and assets and hence protect shareholders' investment in the Group. In this regard, the internal audit function of the Group is outsourced to an independent professional firm. The internal audit function is placed under the preview of the Audit Committee. The outsourced internal audit function provides the Audit Committee with quarterly independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control and management reporting system.

A Statement on Risk Management and Internal Controls which provides an overview of the state of internal controls within the Group is set out on pages 40 to 42 of this Annual Report 2016.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Policy on Corporate Disclosures

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board will ensure that it adheres to and comply with the disclosure requirements of MMLR as well as the Corporate Disclosure Guide issued by Bursa Securities.

In ensuring the accuracy and quality of the information disseminated, the Company designates key management persons with appropriate level of competency and authority to prepare and release of material disclosures. The persons responsible for the preparation of the disclosure will conduct due diligence and verification to ensure accuracy and appropriateness of information contained in the disclosure. The Board is ultimately responsible for all public disclosures.

Effective and Timely Dissemination of Information

The Company also acknowledges the need for investors to be informed of all material business and corporate developments affecting the Group. The timely release of quarterly financial results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affairs of the Group. These, together with other announcements to the Bursa Securities, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

Leverage on Information Technology for Effective Dissemination of Information

The Group maintains a website at www.syf.com.my where shareholders as well as members of the public can access the latest information on the Company and on the business activities of the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

Shareholders Participation at General Meetings

General meetings of the Company represent the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings.

The Company despatches its notice of General Meeting to shareholders at least 21 days before the said meeting. The notice of General Meeting provides information to shareholders with regard to details of the agendas to be presented at the General Meeting, shareholders' entitlement to attend the General Meeting and shareholders' rights and procedures relating to the appointment of proxies.

At the Company's AGMs, members of the Board, the external auditors and where applicable, other advisers of the Company are present to answer queries. The Chairman provides an account of the performance of the Group during the year under review prior to the tabling of the financial statements for approval by the shareholders. The shareholders are invited to raise questions or matters relating to the financial statements or the affairs of the Group before putting the resolution to a vote.

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.

Voting by Poll

Pursuant to the amendments to the MMLR of Bursa Securities on 24 March 2016, the Company will conduct poll voting for any resolution set out in the notice of general meetings or notice of resolutions and its related amendments with effect from 1 July 2016. Hence, the resolutions to be tabled at the Company's forthcoming 21st AGM to be convened on 10 January 2017 will be by poll voting.

COMPLIANCE STATEMENT

The Board is pleased to report that this Statement on Corporate Governance is prepared with reference to the Code. The Board is satisfied that the Company has fulfilled its obligations under the principles and best practices as set out in the Code. The Company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

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 2016, 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

The Company purchased 10,000 ordinary shares of RM0.25 each of its issued share capital from the open market at RM0.48 each on 30 September 2015. The total consideration paid for the purchase including transaction cost amounting to RM4,849 and was financed by internal fund. None of the shares purchased have been sold or cancelled.

As at 31 July 2016, the total number of treasury shares held was 10,000 ordinary shares of RM0.25 each.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There was no exercise of Warrants into ordinary shares during the financial year ended 31 July 2016.

During the financial year ended 31 July 2016, total of 813,000 ordinary shares of RM0.25 each were issued to the eligible employees of the Group arising from the exercise of the Company's Employees' Share Option Scheme at exercise price of RM0.25 per share.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme for the financial year ended 31 July 2016.

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 2016 and the unaudited results previously announced on 30 September 2016.

6. PROFIT GUARANTEE

There was no profit guarantee given by the Group.

7. AUDIT AND NON-AUDIT FEES PAID

The audit fees incurred by the Company and the Group for the financial year ended 31 July 2016 are disclosed under note 24 to the audited financial statements of this Annual Report 2016. The non-audit fees paid to the Company's external auditors during the financial year was RM3,000 for review of statement of risk management and internal control.

Additional Compliance Information
(Cont'd)

8. MATERIAL CONTRACT INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

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

9. RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related parties transactions involved during the financial year.

Statement On Risk Management And Internal Control

The Board of Directors of SYF Resources Berhad ("the Board") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practise good corporate governance. Guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide and Corporate Governance Guide (2nd Edition), the Board is pleased to present the Statement on Risk Management and Internal Control of the Group pursuant to the Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("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 which is the key to managing principal risks which may impede the achievement of the Group's corporate and business objectives, consistent with the requirements of Principle 6 of the Malaysian Code on Corporate Governance 2012. This responsibility includes reviewing the adequacy and integrity of those systems. In view of the limitations inherent in any system of risk management and internal control, the Board is aware that the system is designed to manage rather than to eliminate, the risk of failure to achieve the Group's corporate objectives. Accordingly, the system can only provide reasonable and not absolute assurance, against material misstatement or loss.

The Board regards risk management as an integral part of business operations and confirms that the Management will continue to undertake the process of identifying evaluating and managing significant risks. The Board delegates the oversight of risk management and internal control to the Audit Committee.

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.

MANAGEMENT RESPONSIBILITY

The Management is responsible for implementing the framework, policies and procedures on risk and internal control approved by the Board.

The Risk Committee continues to play a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management processes and ensuring that on-going measures taken were adequate to manage, address or mitigate the identified risks and reporting the status to the Audit Committee.

KEY 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.

Statement On Risk Management And Internal Control (Cont'd)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent consulting firm, Raja Salleh, Lim & Co to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services on its system of internal control on a systematic and cyclic basis. 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 issues to ensure that significant issues are brought to the 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.

The above statement was reviewed and approved by the Board on 14 November 2016.

Audit Committee Report

As at the date of this Annual Report 2016, the composition of the Audit Committee ("AC") is as follows:-

Dr. Roslan Bin A. Ghaffar *(Chairman, Senior Independent Non-Executive Director)*
Datuk Mohamed Arsad Bin Sehan *(Member, Independent Non-Executive Director)*
Foo Lee Khean *(Member, Independent Non-Executive Director)*

The composition of the Audit Committee complies with Chapter 15 of the MMLR of Bursa Securities.

The present Audit Committee consists entirely of Independent Non-Executive Directors. The Company has complied with Paragraphs 15.09 and 15.10 of MMLR of Bursa Securities, which require all the Audit Committee members to be Non-Executive Directors, with a majority of them being Independent Directors and the Chairman of the Audit Committee is an Independent Non-Executive Directors.

In addition, one of the members of the Audit Committee is a member of the Malaysian Institute of Accountants ("MIA"). In the event of any vacancy of the Audit Committee resulting in the non-compliance with Paragraphs 15.09(1) and 15.10 of the MMLR of Bursa Securities, the Board shall fill the vacancy within three (3) months pursuant to Paragraph 15.19 of MMLR of Bursa Securities.

The Audit Committee held four (4) meetings during the financial year ended 31 July 2016 and the attendance of each member of the Audit Committee is as follows:

Name	No. of meetings attended
Dr. Roslan Bin A. Ghaffar	4/4
Datuk Mohamed Arsad Bin Sehan	4/4
Foo Lee Khean	3/4

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 MMLR 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 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 commence, 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 By-Laws of the ESOS.

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

Audit Committee Report
(Cont'd)

SUMMARY OF WORK OF THE AC

During the financial year ended 31 July 2016, the Committee had worked closely with the external auditors, internal auditors and management to carry out its functions and duties in line with the Terms of Reference.

1. Review of the quarterly unaudited consolidated financial reports of the Group prior to submission to the Board for approval to announce to Bursa Securities.

2. Review of the scope of work and audit plans 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 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.

4. Review of the audit plans of the internal auditor for the financial year under review.

5. Review of pertinent issues and recommendations 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 the 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.

The direct expenditure incurred for the internal audit function for the financial year ended 31 July 2016 is approximately RM13,000.

During the financial year ended 31 July 2016, the Internal Auditors made one (1) audit visits and had presented the Internal Audit Report to the Audit Committee pursuant to their internal audit review on the property, plant and equipment of a subsidiary company, namely Seng Yip Furniture Sdn Bhd as approved by the Audit Committee.

REVIEW OF EMPLOYEES' 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 By-Laws 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.

REVIEW OF RELATED PARTY TRANSACTION ("RPT") / RECURRENT RELATED PARTY TRANSACTION ("RRPT")

The AC evaluated RPTs/RRPTs at all meetings and ensures that they were conducted:

a) at arm's length;
b) on normal commercial terms;
c) on terms not more favourable to a related party than those generally available to the public;
d) in its opinion, are not detrimental to the minority shareholders; and
e) in the best interest of the Group.

The AC then recommended the RPTs/RRPTs at the subsequent Board meetings. In particular the AC had reviewed and approved the circular to shareholders in relation to the proposed shareholders' mandate for RPTs/RRPTs.

Corporate Social Responsibility

As part of our commitment to be a responsible corporate citizen, the Group continues to place emphasis on corporate social responsibility and embarked on its mission by focusing on four primary areas, namely Environment, Workplace, Marketplace and Community.

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 condition to ensure minimal emission and environmental impact and wastes are disposed of in a proper and compliant manner. We also invest in equipment efficiency thereby reducing energy consumption and production waste.

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 office, our employees are encouraged to recycle used papers for internal use, set power save mode for desktops and notebooks.

WORKPLACE

We believe that employees are a crucial asset and major contributor to our success.

Therefore, the Group places high emphasis on its development and encourages the employees to improve themselves through trainings 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.

To encourage unity and teamwork among all employees, sport activities and trips were organised to encourage employees to mingle and interact with one another to foster goodwill and build closer working relationships.

Corporate Social Responsibility
(Cont'd)

MARKETPLACE

The Group will continue with its effort to enhance shareholder's value and this is reflected by the Group's past 5 years profit track records.

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, business community at large and among employees.

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

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

COMMUNITY

SYF cares about the well-being of the local community, we believe in sharing with our community for the overall well-being. The Group continues its social roles to support the community by contributing to schools, temples and charitable organisations through donations.

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 OCTOBER 2016

Authorised Share Capital	: RM500,000,000.00 divided into 2,000,000,000 Ordinary Shares of RM0.25 each
Issued and Fully Paid-Up Share Capital	: RM153,085,003.00 divided into **612,340,012 (includes 10,000 treasury shares)** Ordinary Shares of RM0.25 each
Class of Shares	: Ordinary Shares of RM0.25 each
Total No. of Shareholders	: 3,218
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	7	113	0.000
100 to 1,000	119	68,683	0.011
1,001 to 10,000	1,874	9,526,496	1.556
10,001 to 100,000	984	34,576,920	5.647
100,001 to 30,616,499*	231	370,735,100	60.545
30,616,500 and above**	3	197,422,700	32.241
Total#	**3,218**	**612,330,012**	**100.000**

Remark:

* - Less than 5% of Issued Shares

** - 5% and above of Issued Shares

Note: # Excluding a total of 10,000 Ordinary Shares bought back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2016

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

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Dato' Sri Ng Ah Chai	315,276,200	51.49	-	-
2.	Dato' Sri Chee Hong Leong, JP	67,156,600	10.97	-	-
3.	Insas Credit & Leasing Sdn Bhd	55,000,000	8.98	-	-
4.	Insas Berhad*	-	-	55,000,000	8.98
5.	Dato' Sri Thong Kok Khee*	-	-	55,000,000	8.98

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

Analysis Of Shareholdings
(Cont'd)

STATEMENT ON DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER REGISTER OF DIRECTORS AS AT 31 OCTOBER 2016

DIRECTORS' SHAREHOLDINGS

		Direct Shareholdings		Indirect Shareholdings	
No.	Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Dato' Sri Ng Ah Chai	315,276,200	51.49	-	-
2.	Dato' Sri Chee Hong Leong, JP	67,156,600	10.97	-	-
3.	Cheong Yee Kiong	680,000	0.11	-	-
4.	Dato' Sri Thong Kok Khee*	-	-	55,000,000	8.98
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 31 OCTOBER 2016

No.	Name	No. of Shares	% of Shares
1.	M&A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (M&A)*	92,422,700	15.09
2.	M & A NOMINEE (TEMPATAN) SDN BHD *INSAS CREDIT & LEASING SDN BHD*	55,000,000	8.98
3.	RHB NOMINEES (TEMPATAN) SDN BHD *OSK CAPITAL SDN BHD FOR DATO' SRI NG AH CHAI*	50,000,000	8.17
4.	BANK KERJASAMA RAKYAT MALAYSIA BERHAD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	25,000,000	4.08
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	21,800,000	3.56
6.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MGN-NAC0003M)*	20,500,000	3.35
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (CEB)*	19,400,000	3.17
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR DATO' SRI NG AH CHAI (M73113)*	17,500,000	2.86
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	16,227,000	2.65
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	13,000,000	2.12
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (8103749)*	12,500,000	2.04

Analysis Of Shareholdings
(Cont'd)

THIRTY LARGEST SHAREHOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 31 OCTOBER 2016 (CONT'D)

No.	Name	No. of Shares	% of Shares
12.	JF APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)*	11,911,400	1.95
13.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	11,600,000	1.89
14.	DATO' SRI NG AH CHAI	11,422,700	1.87
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	11,156,600	1.82
16.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)*	10,740,000	1.75
17.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)*	10,200,000	1.67
18.	KUMPULAN WANG SIMPANAN GURU-GURU	10,000,000	1.63
19.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (MARGIN)*	8,000,000	1.31
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (001)*	6,000,000	0.98
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	5,600,000	0.91
22.	SOW SIAN	5,460,000	0.89
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (100426)*	4,847,600	0.79
24.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	4,456,200	0.73
25.	LEE KAY HUAT	4,350,000	0.71
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR DATO' SRI CHEE HONG LEONG, JP (MY1830)*	4,000,000	0.65
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE KOK CHAN*	3,396,800	0.55
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK*	3,254,400	0.53
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE CHIK KENG*	3,140,600	0.51
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (473223)*	3,000,000	0.49
	Total	475,886,000	77.72

Analysis Of Warrant Holdings

ANALYSIS OF WARRANT HOLDINGS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 OCTOBER 2016

Issued Size	: 305,432,506 free detachable warrants on the basis of 1 bonus share together with 1 warrant for every 1 existing SYF share held pursuant to Bonus Issue with Warrants Exercise
No. of Warrant Issued	: 305,432,506
Exercise Price of Warrant	: RM0.70
Total No. of Warrant Holders	: 2,129

DISTRIBUTION SCHEDULE OF WARRANT HOLDINGS 2016

Size of Holdings	No. of Holders	No. of Warrant	% of Warrant
1 – 99	7	236	0.000
100 - 1,000	688	644,710	0.211
1,001 - 10,000	699	3,588,100	1.175
10,001 - 100,000	567	23,831,160	7.802
100,001 - 15,271,624*	166	167,766,600	54.928
15,271,625 AND ABOVE **	2	109,601,700	35.884
Total	**2,129**	**305,432,506**	**100.00**

Remark:

* - Less than 5% of Issued Warrants

** - 5% and above of Issued Warrants

SUBSTANTIAL WARRANT HOLDERS AS PER REGISTER OF WARRANT HOLDERS AS AT 31 OCTOBER 2016

		No. of Warrant held		No. of Warrant held	
No.	Name of Warrant Holders	Direct	%	Indirect	%
1	Dato' Sri Ng Ah Chai	157,638,100	51.61	-	-
2	Dato' Sri Chee Hong Leong, JP	33,578,300	10.99	-	-
3	Insas Plaza Sdn. Bhd.	20,929,000	6.85	-	-

Analysis Of Warrant Holdings
(Cont'd)

STATEMENT ON DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER REGISTER OF DIRECTORS AS AT 31 OCTOBER 2016

DIRECTORS' WARRANT HOLDINGS

No.	Name of Directors	No. of Warrant held Direct	%	No. of Warrant held Indirect	%
1	Dato' Sri Ng Ah Chai	157,638,100	51.61	-	-
2	Dato' Sri Chee Hong Leong, JP	33,578,300	10.99	-	-
3	Cheong Yee Kiong	340,000	0.11	-	-
4	Dato' Sri Thong Kok Khee *	-	-	20,929,000	6.85
5	Datuk Mohamed Arsad Bin Sehan	-	-	-	-
6	Dr. Roslan Bin A Ghaffar	-	-	-	-
7	Foo Lee Khean	-	-	-	-

* Deemed indirect through Insas Plaza Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

THIRTY LARGEST WARRANT HOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 31 OCTOBER 2016

No.	Name of Warrant Holders	No. of Warrant	% of Warrant
1	DATO' SRI NG AH CHAI	88,672,700	29.03
2	INSAS PLAZA SDN. BHD.	20,929,000	6.85
3	BANK KERJASAMA RAKYAT MALAYSIA BERHAD *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	12,500,000	4.09
4	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (CEB)*	12,000,000	3.93
5	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	9,400,000	3.08
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SCURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (8103749)*	9,000,000	2.95
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	8,113,500	2.66
8	CITIGROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)*	8,000,000	2.62
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)*	6,600,000	2.16
10	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	6,000,000	1.96
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	5,578,300	1.83
12	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB BANK FOR DATO' SRI NG AH CHAI (M73113)*	5,500,000	1.80
13	KUMPULAN WANG SIMPANAN GURU-GURU	5,000,000	1.64

Analysis Of Warrant Holdings
(Cont'd)

THIRTY LARGEST WARRANT HOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 31 OCTOBER 2016 (CONT'D)

No.	Name of Warrant Holders	No. of Warrant	% of Warrant
14	JF APEX NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)*	4,955,700	1.62
15	HLB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP*	4,000,000	1.31
16	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (MARGIN)*	4,000,000	1.31
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (100426)*	3,923,800	1.28
18	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (001)*	3,000,000	0.98
19	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	2,800,000	0.92
20	JF APEX NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LEE KIM SONG (MARGIN)*	2,418,800	0.79
21	RHB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN LEE GEK*	2,304,000	0.75
22	RHB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI*	2,228,100	0.73
23	LIM ENG HOCK	2,162,400	0.71
24	LEE KAY HUAT	2,100,000	0.69
25	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB BANK FOR DATO' SRI CHEE HONG LEONG, JP (MY1830)*	2,000,000	0.65
26	CHEAH KEN HOONG	1,550,000	0.51
27	TAN JEE KIEN	1,400,000	0.46
28	TAN TECK HENG	1,100,000	0.36
29	SAW TSE CHUEN	1,060,000	0.35
30	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LING HWA CHAI (E-TCS)*	1,020,000	0.33
	Total	**239,316,300**	**78.35**

List Of Properties

As At 31 July 2016

Owner, Title/Location	Tenure	Approx. Age (Years)	Description/ Existing Use	Size (Sq ft.)	NBV @ 31.07.16 RM'000	Year of Revaluation/ Acquisition
Seng Yip Furniture Sdn Bhd Lot 971, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	20	Land, office, factory and warehouse	413,820	23,640	2012
Seng Yip Furniture Sdn Bhd Lot 1224, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	20	Land, factory and warehouse	120,473	7,206	2012
Seng Yip Furniture Sdn Bhd Lot 1225, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	16	Land, factory and warehouse	120,516	7,718	2012
Seng Yip Furniture Sdn Bhd Lot 1338, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	23	Land, factory and warehouse	123,929	5,419	2012
Seng Yip Furniture Sdn Bhd Lot 974, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	11	Land, factory and warehouse	853,956	40,688	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	9	Land, factory and warehouse	191,976	5,141	2012
Seng Yip Furniture Sdn Bhd Lot 4660 Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.89	4	Land and factory	90,492	1,094	2013
Seng Yip Furniture Sdn Bhd Lot 4654 & 4655, Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.89	3	Land, factory and warehouse	167,415	3,366	2014

List Of Properties
As At 31 July 2016 (Cont'd)

Owner, Title/Location	Tenure	Approx. Age (Years)	Description/ Existing Use	Size (Sq ft.)	NBV @ 31.07.16 RM'000	Year of Revaluation/ Acquisition
Seng Yip Furniture Sdn Bhd Lot 4664, Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.89	1	Vacant land	109,343	871	2016
Tomisho Sdn Bhd Lot 44711, Mukim Kapar Jalan Kapar 42200 Klang Selangor	Freehold	11	Land, office, factory and warehouse	98,131	3,756	2013
SYF Plantation Sdn Bhd Lot 376, Phase 1 Lestari Perdana 43300 Seri Kembangan Selangor	Leasehold Expiring on 13.03.96	8	Vacant land	8,008	244	2009
Great Platform Sdn Bhd Lot PT 1150, Mukim Gemas 73400 Daerah Tampin Negeri Sembilan	Freehold	4	Land, office, factory and warehouse	563,882	15,690	2013
Great Platform Sdn Bhd Lot 7056, Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan	Leasehold Expiring on 18.06.94	3	Land, office, factory and warehouse	281,692	8,788	2014

Financial Statements

Directors' Report

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

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
Profit for the financial year		
- Attributable to owners of the parent	38,217	2,098

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.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

The Directors recommend a first and final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 July 2016, subject to the approval of the shareholders at the forthcoming annual general meeting.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 813,000 new ordinary shares of RM0.25 each for cash arising from the exercise of employees' share options at an exercise price of RM0.25 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.

Directors' Report
(Cont'd)

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 7 January 2016, renewed their approval for the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased 10,000 ordinary shares of RM0.25 each of its issued and share capital from the open market. The average price paid for the shares repurchased was RM0.48 per share. The total consideration paid for the repurchase, including transaction costs, was RM4,849. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 31 July 2016, the Company held 10,000 treasury shares out of the total 612,054,012 issued ordinary shares. Further relevant details are disclosed in Note 15(b) to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

At an extraordinary general meeting held on 1 March 2012, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issue share capital of the Company at the point in time throughout the duration of the scheme to eligible Directors and employees of the Group.

The ESOS became effective for a period of five years from 11 May 2012 to 8 April 2017. The salient features and other terms of the ESOS are disclosed in Note 29 to the financial statements.

The movement of options over unissued shares of the Company granted under ESOS during the financial year 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.

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 ESOS.

WARRANTS

The warrants 2014/2019 were constituted under the Deed Poll dated 26 November 2014. The salient terms of the warrants are disclosed in Note 30 to the financial statements.

As at the end of the financial year, the Company has the following outstanding warrants:

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding at 31.7.2016
Warrant 2014/2019	RM0.70	11 December 2019	305,432,506

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
Dato' Sri Thong Kok Khee
Dr. Roslan Bin A. Ghaffar
Foo Lee Khean
Datuk Mohamed Arsad Bin Sehan
Cheong Yee Kiong
Dato' Wong Gian Kui *(Alternate Director to Dato' Sri Thong Kok Khee)*

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 financial 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 1.8.2015	Acquired	Disposed	At 31.7.2016
SYF Resources Berhad				
Direct Interests				
Dato' Sri Ng Ah Chai	315,276,200	-	-	315,276,200
Dato' Sri Chee Hong Leong, JP	67,156,600	-	-	67,156,600
Cheong Yee Kiong	680,000	-	-	680,000
Indirect Interests				
Dato' Sri Thong Kok Khee *	55,000,000	-	-	55,000,000

	Number of options over ordinary shares of RM0.25 each			
	At 1.8.2015	Granted	Exercised	At 31.7.2016
SYF Resources Berhad				
Direct Interests				
Dato' Sri Ng Ah Chai	3,000,000	-	-	3,000,000
Cheong Yee Kiong	2,880,000	-	-	2,880,000

Directors' Report
(Cont'd)

	Number of warrants 2014/2019			
	At 1.8.2015	Acquired	Disposed	At 31.7.2016
SYF Resources Berhad				
Direct Interests				
Dato' Sri Ng Ah Chai	157,638,100	-	-	157,638,100
Dato' Sri Chee Hong Leong, JP	33,578,300	-	-	33,578,300
Cheong Yee Kiong	340,000	-	-	340,000
Indirect Interests				
Dato' Sri Thong Kok Khee *	25,700,000	-	4,771,000	20,929,000

Note:

* *Deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Credit and Leasing Sdn. Bhd., a wholly-owned subsidiary company of Insas Berhad.*

By virtue of their interests 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 interested in the shares of all the subsidiary companies during the financial year to the extent the Company has an interest under section 6A of the Companies Act, 1965.

None of the other Directors in 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 a 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, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other 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 profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and no allowance for doubtful debts was required; and

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

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

   (i) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts 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 of the Group and of the Company 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) In the opinion of the Directors:

   (i) 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;

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

   (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report
(Cont'd)

SIGNIFICANT EVENTS

The significant events are disclosed in Note 37 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 26 October 2016.

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 68 to 141 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 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 142 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants 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 26 October 2016.

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 to the best of my knowledge and belief, the financial statements set out on pages 68 to 142 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at KUALA LUMPUR in the)
Federal Territory on 26 October 2016)

LEE OON KAR

Before me,

MOHAN A. S. MANIAM (W710)
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 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 68 to 141.

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 2016 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.

Independent Auditors' Report
To The Members Of SYF Resources Berhad (Cont'd)
(Company No: 364372-H) (Incorporated 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 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 in Note 40 on page 142 is disclosed to mteet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER 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: 3068/08/18 (J)
Chartered Accountant

KUALA LUMPUR

26 October 2016

Statements Of Financial Position

As At 31 July 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	219,696	196,966	-	-
Investment in subsidiary companies	5	-	-	67,079	64,579
		219,696	196,966	67,079	64,579
Current Assets					
Land and property development costs	6	35,735	61,687	-	-
Inventories	7	79,696	68,741	-	-
Trade receivables	8	127,621	65,515	-	-
Other receivables	9	58,129	25,209	-	-
Derivative financial assets	10	217	-	-	-
Amount due from subsidiary companies	11	-	-	116,424	114,030
Tax recoverable		9	1	-	-
Fixed deposit with a licensed bank	12	2,025	1,905	-	-
Cash and bank balances	13	12,626	5,389	211	134
		316,058	228,447	116,635	114,164
Total Assets		535,754	425,413	183,714	178,743
EQUITY AND LIABILITIES					
Equity					
Share capital	14	153,014	152,810	153,014	152,810
Reserves	15	127,575	88,792	27,830	25,737
Total Equity		280,589	241,602	180,844	178,547
Non-Current Liabilities					
Finance lease liabilities	16	11,555	3,910	-	-
Bank borrowings	17	35,710	32,992	-	-
Deferred tax liabilities	18	11,218	12,314	-	-
		58,483	49,216	-	-

Statements Of Financial Position
As At 31 July 2016 (Cont'd)

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current Liabilities					
Trade payables	19	74,044	46,438	-	-
Other payables	20	34,803	25,061	170	196
Derivative financial liabilities	10	36	857	-	-
Amount due to subsidiary companies	11	-	-	2,700	-
Finance lease liabilities	16	6,083	3,318	-	-
Bank borrowings	17	70,088	53,197	-	-
Tax payable		11,628	5,724	-	-
		196,682	134,595	2,870	196
Total Liabilities		255,165	183,811	2,870	196
Total Equity and Liabilities		535,754	425,413	183,714	178,743

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 July 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	21	453,221	316,240	160	160
Cost of sales	22	(368,923)	(255,609)	-	-
Gross profit		84,298	60,631	160	160
Other income		3,477	756	2,500	-
Distribution expenses		(17,434)	(11,376)	-	-
Administrative expenses		(16,731)	(13,807)	(562)	(462)
Finance costs	23	(6,244)	(4,939)	-	-
Profit/(Loss) before tax	24	47,366	31,265	2,098	(302)
Taxation	25	(9,149)	(6,680)	-	-
Profit/(Loss) for the financial year		38,217	24,585	2,098	(302)
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Effect of change in tax rate on assets revaluation reserve		571	-	-	-
Total comprehensive income for the financial year		38,788	24,585	2,098	(302)
Earnings per share attributable to owners of the parent (sen)	26				
Basic		6.2	4.0		
Diluted		6.2	4.0		

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

Statements Of Changes In Equity
For The Financial Year Ended 31 July 2016

	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 2014		69,145	16,805	(494)	39,549	62,366	187,371
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	24,585	24,585
Realisation of assets revaluation reserve		-	-	-	(407)	407	-
Transactions with owners:							
Exercise of Employees' Share Options	14	392	299	-	-	-	691
Disposal of treasury shares	15(b)	-	350	494	-	-	844
Private placement		6,915	22,126	-	-	-	29,041
Bonus issue		76,358	(38,650)	-	-	(37,708)	-
Share issuance expenses		-	(930)	-	-	-	(930)
Total transactions with owners		83,665	(16,805)	494	-	(37,708)	29,646
At 31 July 2015		152,810	-	-	39,142	49,650	241,602

Statements Of Changes In Equity
For The Financial Year Ended 31 July 2016 (Cont'd)

	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 2015		152,810	-	-	39,142	49,650	241,602
Profit for the financial year		-	-	-	-	38,217	38,217
Other comprehensive income for the financial year		-	-	-	571	-	571
Total comprehensive income for the financial year		-	-	-	571	38,217	38,788
Realisation of assets revaluation reserve		-	-	-	(406)	406	-
Transactions with owners:							
Exercise of Employees' Share Options	14	204	-	-	-	-	204
Shares repurchased	15(b)	-	-	(5)	-	-	(5)
Total transactions with owners		204	-	(5)	-	-	199
At 31 July 2016		153,014	-	(5)	39,307	88,273	280,589

Statements Of Changes In Equity
For The Financial Year Ended 31 July 2016 (Cont'd)

	Note	Non-Distributable Share Capital RM'000	Non-Distributable Share Premium RM'000	Non-Distributable Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
Company						
At 1 August 2014		69,145	16,805	(494)	63,747	149,203
Loss for the financial year, representing total comprehensive income for the financial year		-	-	-	(302)	(302)
Transactions with owners:						
Exercise of Employees' Share Options	14	392	299	-	-	691
Disposal of treasury shares	15(b)	-	350	494	-	844
Private placement		6,915	22,126	-	-	29,041
Bonus issue		76,358	(38,650)	-	(37,708)	-
Share issuance expenses		-	(930)	-	-	(930)
Total transactions with owners		83,665	(16,805)	494	(37,708)	29,646
At 31 July 2015		152,810	-	-	25,737	178,547
At 1 August 2015		152,810	-	-	25,737	178,547
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	2,098	2,098
Transactions with owners:						
Exercise of Employees' Share Options	14	204	-	-	-	204
Shares repurchased	15(b)	-	-	(5)	-	(5)
Total transactions with owners		204	-	(5)	-	199
At 31 July 2016		153,014	-	(5)	27,835	180,844

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

Statements Of Cash Flows
For The Financial Year Ended 31 July 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax		47,366	31,265	2,098	(302)
Adjustment for:					
Bad debts written off		131	-	-	-
Depreciation of property, plant and equipment		11,388	8,632	-	-
Finance costs		6,244	4,939	-	-
Impairment losses on trade receivables		-	80	-	-
Inventories written down		35	96	-	-
Loss on foreign exchange - unrealised		451	1,122	-	-
(Gain)/Loss on disposal of property, plant and equipment		(187)	18	-	-
(Gain)/Loss on derivative financial assets/liabilities		(1,038)	1,557	-	-
Interest income		(41)	(14)	-	-
Reversal of inventories written down		(12)	(81)	-	-
Reversal of impairment losses on investment in a subsidiary company		-	-	(2,500)	-
Reversal of impairment losses on trade receivables		(79)	(600)	-	-
Operating profit/(loss) before working capital changes		64,258	47,014	(402)	(302)
Change in working capital:					
Land and property development costs		27,626	(40,752)	-	-
Inventories		(10,978)	(3,435)	-	-
Trade receivables		(62,266)	(48,697)	-	-
Other receivables		(32,920)	1,507	-	37
Trade payables		27,606	21,605	-	-
Other payables		9,878	2,289	(26)	(352)
Amount due from/to subsidiary companies		-	-	306	(29,179)
		(41,054)	(67,483)	280	(29,494)
Cash generated from/(used in) operations		23,204	(20,469)	(122)	(29,796)
Interest paid		(7,918)	(4,939)	-	-
Tax paid		(3,778)	(1,560)	-	-
Tax refund		-	1	-	-
Net cash from/(used in) operating activities		11,508	(26,967)	(122)	(29,796)

Statements Of Cash Flows
For The Financial Year Ended 31 July 2016 (Cont'd)

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Investing Activities					
Interest income		41	14	-	-
Proceeds from disposal of property, plant and equipment		410	274	-	-
Purchase of property, plant and equipment	4(f)	(18,731)	(26,769)	-	-
Net cash used in investing activities		(18,280)	(26,481)	-	-
Cash Flows From Financing Activities					
Drawdown of bank borrowings		61,594	39,944	-	-
Purchase from treasury shares		(5)	-	(5)	-
Proceeds from sale of treasury shares		-	844	-	844
Proceeds from private placement		-	29,041	-	29,041
Proceeds from exercise of ESOS		204	691	204	691
Share issuance expenses		-	(930)	-	(930)
Repayment of bank borrowings		(41,943)	(13,772)	-	-
Repayment of finance lease liabilities		(5,201)	(1,141)	-	-
Increase in fixed deposit pledged with a licensed bank		-	(1,585)	-	-
Net cash from financing activities		14,649	53,092	199	29,646
Net increase/(decrease) in cash and cash equivalents		7,877	(356)	77	(150)
Cash and cash equivalents at the beginning of the financial year		(4,803)	(4,447)	134	284
Cash and cash equivalents at the end of the financial year		3,074	(4,803)	211	134
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposit with a licensed bank		2,025	1,905	-	-
Cash and bank balances		12,626	5,389	211	134
Bank overdrafts		(9,552)	(10,192)	-	-
		5,099	(2,898)	211	134
Less: Fixed deposit pledged with a licensed bank		(2,025)	(1,905)	-	-
		3,074	(4,803)	211	134

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

Notes To The Financial Statements

1. CORPORATE INFORMATION

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

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 of the Company and its subsidiary companies during the financial year.

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.

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.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Standards issued but not yet effective

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

		Effective date for financial periods beginning on or after
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 101	Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 107	Disclosure Initiative	1 January 2017

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

		Effective date for financial periods beginning on or after
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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* (IFRS 9 issued by IASB in July 2014)</u>

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

On 19 November 2011, the MASB issued a new MASB 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").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 July 2019. In presenting their first MFRS financial statements, the Group and the Company 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 earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 July 2016 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 Company's functional currency and all values have been rounded to the nearest thousand except when otherwise stated.

(c) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgments

There are no significant areas of critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. BASIS OF PREPARATION (CONT'D)

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

(ii) Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment are disclosed in Note 4.

Impairment of investment in subsidiary companies

The Company has recognised impairment loss in respect of its investment in subsidiary companies. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost to sell of the cash-generating units to which the investment in subsidiary companies belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 5.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 18.

Property development costs

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

2. BASIS OF PREPARATION (CONT'D)

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

(ii) Key sources of estimation uncertainty (Cont'd)

Property development costs (Cont'd)

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.

The carrying amount at the reporting date for property development costs is disclosed in Note 6.

Construction contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

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

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand level and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 8, 9 and 11.

Employee share options

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. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 29.

2. BASIS OF PREPARATION (CONT'D)

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

(ii) Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

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

(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 rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition-related costs are expensed off in profit or loss as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. 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 *Financial Instruments: Recognition and Measurement* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

(ii) Disposal of subsidiary companies

If the Group losses 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 value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Goodwill on consolidation (Cont'd)

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. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment 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 assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Cont'd)

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 and building 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 and building 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.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is 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 at the following principal annual rates as follows:

Freehold buildings and building improvements	2%
Leasehold land	Over the remaining lease period
Leasehold buildings	2%
Office equipment, furniture and fittings	5% - 20%
Renovation and electrical upgrade	2% - 5%
Tools and machinery	8% to 10%
Motor vehicles	20%

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 development activities 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.

(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 profit or loss and other 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Property development costs (Cont'd)

When the revenue recognised in the statements of profit or loss and other 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 profit or loss and other 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.

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (Cont'd)

(ii) 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 included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

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

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

(e) Inventories

Raw materials, consumables, work-in-progress, finished goods and completed properties 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 an appropriate proportion of production overheads based on normal operating capacity.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

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 overdraft 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment on assets

(i) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to group of cash-generating units and then to reduce the carrying amounts of the other assets in group of cash-generating units on a pro rata basis.

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

(ii) Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment on assets (Cont'd)

(ii) Financial assets (Cont'd)

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 profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

(h) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Construction contracts (Cont'd)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

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

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

(ii) Other financial liabilities measured at amortised cost

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial liabilities (Cont'd)

(iii) 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 original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Offsetting of financial instruments

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

(k) Leases

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

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases (Cont'd)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the 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.

(l) 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.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(n) 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 derived from property development activities are recognised based on the percentage of completion method. This stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(iii) Interest income

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

(iv) Rental income

Rental income is accounted for on 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue (Cont'd)

(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.

(o) Borrowing costs

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

(p) 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 a business combination or items recognised directly in equity or other comprehensive income.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income taxes (Cont'd)

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

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

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

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

(q) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia 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.

(iii) Equity-settled share-based payment transaction

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction (Cont'd)

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 date, 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.

(r) 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.

(s) Segments 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.

(t) Contingent liabilities

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

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation			At Cost							
	Freehold land RM'000	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
2016											
Group											
Cost / Valuation											
At 1 August 2015	37,645	3,800	70,260	13,850	9,057	6,264	592	80,127	3,978	29,864	255,437
Additions	-	880	40	-	66	160	-	6,879	1,212	25,104	34,341
Disposals	-	-	-	-	-	-	-	(474)	(430)	-	(904)
Reclassification	-	-	-	-	6,675	3,105	-	22,536	-	(32,316)	-
At 31 July 2016	37,645	4,680	70,300	13,850	15,798	9,529	592	109,068	4,760	22,652	288,874
Accumulated depreciation											
At 1 August 2015	-	153	4,381	2,751	474	3,596	107	43,984	2,310	-	57,756
Charge for the financial year	-	51	1,405	263	188	539	13	8,184	745	-	11,388
Disposals	-	-	-	-	-	-	-	(276)	(405)	-	(681)
At 31 July 2016	-	204	5,786	3,014	662	4,135	120	51,892	2,650	-	68,463
Accumulated impairment losses											
At 1 August 2015/ 31 July 2016	-	-	-	715	-	-	-	-	-	-	715
Carrying amount											
At 31 July 2016	37,645	4,476	64,514	10,121	15,136	5,394	472	57,176	2,110	22,652	219,696

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation			At Cost							
	Freehold land RM'000	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
2015											
Group											
Cost / Valuation											
At 1 August 2014	37,645	3,800	70,260	13,850	8,924	6,154	577	67,138	3,531	10,670	222,549
Additions	-	-	-	-	133	110	15	13,393	477	19,194	33,322
Disposals	-	-	-	-	-	-	-	(404)	(30)	-	(434)
At 31 July 2015	37,645	3,800	70,260	13,850	9,057	6,264	592	80,127	3,978	29,864	255,437
Accumulated depreciation											
At 1 August 2014	-	107	2,976	2,499	313	3,151	94	38,462	1,664	-	49,266
Charge for the financial year	-	46	1,405	252	161	445	13	5,634	676	-	8,632
Disposals	-	-	-	-	-	-	-	(112)	(30)	-	(142)
At 31 July 2015	-	153	4,381	2,751	474	3,596	107	43,984	2,310	-	57,756
Accumulated impairment losses											
At 1 August 2014/ 31 July 2015	-	-	-	715	-	-	-	-	-	-	715
Carrying amount											
At 31 July 2015	37,645	3,647	65,879	10,384	8,583	2,668	485	36,143	1,668	29,864	196,966

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 RM114,246,000 (2015: RM107,143,000) have been pledged to licensed banks as securities for credit facilities granted to the Group as disclosed in Note 17(a).

(b) The carrying amount of property, plant and equipment of the Group held under finance leases are as follows:

	Group	
	2016 RM'000	2015 RM'000
Motor vehicles	1,797	1,305
Tools and machinery	30,546	9,952
	32,343	11,257

The leased assets are pledged as securities for the related finance lease liabilities as disclosed in Note 16.

(c) Included in the property, plant and equipment of the Group are motor vehicles with carrying amount of RM240,000 (2015: RM546,000) held in trust under the name of a Director and a spouse of a Director.

(d) Certain of the leasehold land, freehold land and freehold buildings of the Group were revalued by independent professional qualified valuers, 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. The fair value of the leasehold land, freehold land and freehold buildings are within level 2 of the fair value hierarchy.

(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	
	2016 RM'000	2015 RM'000
Leasehold land	1,891	1,917
Freehold land	11,850	8,043
Buildings	45,707	50,758
	59,448	60,718

Notes To The Financial Statements
(Cont'd)

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 acquired under finance leases and cash payments are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Aggregate costs	34,341	33,322
Less: Finance leases	(15,610)	(6,553)
Cash payments	18,731	26,769

(g) The remaining lease terms of the leasehold land range from 73 to 80 (2015: 74 to 81) years.

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2016 RM'000	Company 2015 RM'000
In Malaysia		
Unquoted shares, at cost		
At 1 August/31 July	83,070	83,070
Less : Accumulated impairment losses		
At 1 August	18,491	18,491
Reversal of impairment losses	(2,500)	-
At 31 July	15,991	18,491
	67,079	64,579

During the financial year, as a result of favourable performance of Great Platform Sdn. Bhd. ("GPSB") in boards segment, the Company carried out a review of the recoverable amount of GPSB. The review led to the recognition of a reversal of impairment losses of RM2,500,000, which was recognised in other income in the statements of profit or loss and other comprehensive income. The recoverable amount of RM2,500,000 of the Company's investment in GPSB is based on value-in-use method.

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2016 %	Effective interest 2015 %	Principal activities
Direct holding:				
Seng Yip Furniture Sdn. Bhd.	Malaysia	100	100	Manufacture and trading 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 and medium-density fibre board
Popular Vantage Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding:				
Subsidiary companies of SYF Venture Sdn. Bhd.				
SYF Development Sdn. Bhd.	Malaysia	100	100	Property development
SYF Construction Sdn. Bhd.	Malaysia	100	100	Building contractor
SYF Plantation Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding:				
Subsidiary companies of SYF Development Sdn. Bhd.				
Nikmat Sekitar Sdn. Bhd.	Malaysia	100	100	Dormant
Nuri Meriah Sdn. Bhd.	Malaysia	100	100	Dormant

6. LAND AND PROPERTY DEVELOPMENT COSTS

	Group 2016 RM'000	Group 2015 RM'000
Freehold land, at cost		
At 1 August	16,606	22,645
Addition/(Reversal) during the financial year	3,063	(18)
Less: Completed projects	-	(6,021)
At 31 July	19,669	16,606
Property development costs		
At 1 August	101,160	80,121
Addition during the financial year	144,331	106,612
Less: Completed projects	-	(85,573)
At 31 July	245,491	101,160
Less: Costs recognised as expense in profit or loss during the financial year		
At 1 August	56,079	81,831
Recognised during the financial year	173,346	65,537
Less: Completed projects	-	(91,289)
At 31 July	229,425	56,079
Total land and property development costs	35,735	61,687

(a) Included in the land held for development of the Group are freehold land of Nil (2015: RM16,606,000) pledged as security for credit facilities granted to a subsidiary company as disclosed in Note 17(a).

(b) On 15 November 2011, a subsidiary company has entered into a Joint Venture Agreement ("JVA") with related parties as disclosed in Note 33(b) and third parties ("the Landowners") to jointly develop the four pieces of freehold land. The Landowners are entitled to an agreed percentage of Gross Development Value as specified in the JVA.

(c) On 15 November 2011, a subsidiary company has entered into a JVA with Astana Baru Sdn. Bhd., ("the Landowner"), a company in which certain Directors of the Company have substantial financial interest as disclosed in Note 33(b) to jointly develop a piece of freehold land. The Landowner is entitled to an agreed sum as specified in the JVA.

(d) On 21 July 2014, a subsidiary company has entered into a JVA with Luxmark View Sdn. Bhd. and Sheeco Properties Sdn. Bhd. ("the Landowners") to jointly develop the three pieces of freehold land. The Landowners are entitled to an agreed sum as specified in the JVA.

6. LAND AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(e) Included in the property development costs incurred during the financial year are the followings:

		Group	
	Note	2016 RM'000	2015 RM'000
Finance costs	23	1,674	-

7. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
Raw material	17,140	16,679
Consumables	2,097	2,111
Work-in-progress	48,850	37,882
Finished goods	11,299	11,511
Goods-in-transit	310	558
	79,696	68,741

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

	Group	
	2016 RM'000	2015 RM'000
Inventories recognised in cost of sales	104,445	100,653
Inventories written down	35	96
Reversal of inventories written down	(12)	(81)

8. TRADE RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000
Trade receivables	25,857	27,419
Less: Accumulated impairment losses	(335)	(414)
	25,522	27,005
Accrued billings in respect of property development costs	102,099	38,510
	127,621	65,515

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 (2015: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

The trade receivable of the Group amounting to RM300,000 (2015: RM300,000) is secured by bank guarantee made in favour of a subsidiary company.

The Group's credit exposures are concentrated mainly on 5 (2015: 6) debtors, which accounted for 14.0% (2015: 14.3%) of total trade receivables.

Analysis of the trade receivables ageing at the end of the reporting period is as follows:

	Group 2016 RM'000	Group 2015 RM'000
Neither past due nor impaired	18,830	20,419
Past due but not impaired:		
Less than 30 days	3,162	1,938
31 to 60 days	2,474	624
More than 60 days	1,056	4,024
	6,692	6,586
	25,522	27,005
Impaired	335	414
	25,857	27,419

8. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

As at 31 July 2016, the Group's trade receivables of RM6,692,000 (2015: RM6,586,000) are past due but not impaired and 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 RM4,786,000 (2015: RM4,549,000) that are past due but not impaired which were related to sales of properties. The Group has not made any impairment on its past due receivables as the Directors are of the view that most of the purchasers have obtained financing subsequently. The ownership of the titles will only be transferred to the purchasers upon full settlement of purchase price.

Movements in impairment on trade receivables are as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 August	414	980
Impairment losses recognised	-	80
Amount written off	-	(46)
Reversal of impairment losses	(79)	(600)
At 31 July	335	414

Trade receivables that are individually assessed to be impaired amounting to RM335,000 (2015: RM414,000) related to customers that have defaulted on payments. This balance is expected to be recovered through debts recovery process.

9. OTHER RECEIVABLES

		Group	
			(Restated)
	Note	2016 RM'000	2015 RM'000
Other receivables			
- Related parties		193	3,152
- Third parties	(a)	46,389	11,376
		46,582	14,528
Less: Accumulated impairment losses		(40)	(40)
		46,542	14,488
Deposits	(b)	7,226	7,789
Prepayments	(c)	4,361	2,932
		58,129	25,209

9. OTHER RECEIVABLES (CONT'D)

(a) Included in the other receivables of the Group are the followings:

	Group	
	2016 RM'000	2015 RM'000
Advances to contractors for property development projects	-	5,616
Advances paid to landowners for the proposed joint venture	1,000	1,000
Materials purchased on behalf of a main contractor of a property development project	36,434	-

(b) Included in the deposits of the Group are the followings:

	Group	
	2016 RM'000	2015 RM'000
Deposits paid for acquisition of land held for property development by subsidiary companies	2,043	2,616
Deposits paid for acquisition of land and buildings by a subsidiary company	1,400	1,400

(c) Included in the prepayments of the Group are prepayment for extraction of rubberwood timber amounting to RM1,659,000 (2015: RM1,803,000).

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group			
	2016		2015	
	Contract/ Notional Amount USD'000	Financial Assets (Net) RM'000	Contract/ Notional Amount USD'000	Financial Liabilities (Net) RM'000
Non-hedging derivative:				
Current				
Forward currency contracts	4,307	181	8,090	(857)

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 June 2017 (2015: June 2016).

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

During the financial year, the Group recognised a gain of RM1,038,000 (2015: loss of RM1,557,000) arising from fair value changes of derivative assets/liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

11. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

	Company	
	2016 RM'000	2015 RM'000
Amount due from subsidiary companies	123,424	121,030
Less: Accumulated impairment losses	(7,000)	(7,000)
	116,424	114,030

This represents unsecured, non-interest bearing advances and repayable on demand.

(b) Amount due to subsidiary companies

This represents unsecured, non-interest bearing advances and repayable on demand.

12. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit of the Group was pledged as security for the credit facilities granted to the Group as disclosed in Note 17(b).

The maturity of the fixed deposit with a licensed bank is 365 (2015: 365) days.

13. CASH AND BANK BALANCES

Included in the cash and bank balances of the Company is an amount of RM3,651,000 (2015: RM927,000) maintain under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

14. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2016 Units ('000)	2015 Units ('000)	2016 RM'000	2015 RM'000
Ordinary shares of RM0.25 each				
Authorised:				
At 1 August	2,000,000	800,000	500,000	200,000
Created during the financial year	-	1,200,000	-	300,000
At 1 August/31 July	2,000,000	2,000,000	500,000	500,000
Issued and fully paid shares				
At 1 August	611,241	276,581	152,810	69,145
Exercise of ESOS	813	1,570	204	392
Bonus issue	-	305,432	-	76,358
Private placement	-	27,658	-	6,915
At 31 July	612,054	611,241	153,014	152,810

During the financial year, the Company issued 813,000 new ordinary shares of RM0.25 each for cash arising from the exercise of employees' share options at an exercise price of RM0.25 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.

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.

15. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:				
Assets revaluation reserve [Note (a)]	39,307	39,142	-	-
Treasury shares [Note (b)]	(5)	-	(5)	-
	39,302	39,142	(5)	-
Distributable:				
Retained earnings	88,273	49,650	27,835	25,737
	127,575	88,792	27,830	25,737

15. RESERVES (CONT'D)

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

The shareholders of the Company, by a resolution passed in the Annual General Meeting held on 7 January 2016, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group/Company			
	Number of shares		Amount	
	2016 Units ('000)	2015 Units ('000)	2016 RM'000	2015 RM'000
At 1 August	-	820	-	494
Own shares acquired	10	-	(5)	-
Sale of treasury shares	-	(820)	-	(494)
At 31 July	10	-	(5)	-

During the financial year, the Company repurchased 10,000 ordinary shares of RM0.25 each of its issued and share capital from the open market. The average price paid for the shares repurchased was RM0.48 per share. The total consideration paid for the repurchase, including transaction costs, was RM4,849. The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

Details of the repurchased of shares and resold of treasury shares during the financial year are as follows:

	Average price RM	Highest price RM	Lowest price RM	Number of shares repurchased Units ('000)	Cost RM'000
2016					
September 2015	0.48	0.48	0.48	10	5

	Average price RM	Highest price RM	Lowest price RM	Number of shares resold Units ('000)	Cost RM'000
2015					
December 2014	1.03	1.05	1.02	820	494

16. FINANCE LEASE LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
Minimum lease payments		
Repayable within one year	9,071	3,707
Repayable between one and two years	3,728	3,350
Repayable between two and five years	6,714	758
Repayable after five years	1,372	-
	20,885	7,815
Less: Future finance charges	(3,247)	(587)
Present value of minimum lease payments	17,638	7,228
Present value of minimum lease payments		
Repayable within one year	6,083	3,318
Repayable between one and two years	3,550	3,196
Repayable between two and five years	6,632	714
Repayable after five years	1,373	-
	17,638	7,228
Analysed as:		
Repayable within twelve months	6,083	3,318
Repayable after twelve months	11,555	3,910
	17,638	7,228

Finance lease liabilities are secured by:

(a) a charge over the Group's leased assets as disclosed in Note 4(b); and

(b) a corporate guarantee by the Company.

Interest is charged at rates ranging from 1.52% to 4.15% (2015: 1.52% to 4.00%) per annum.

Finance lease liabilities of the Group amounting to RM198,000 (2015: RM457,000) are in relation to assets held in trust under the name of a Director and a spouse of a Director of the Company.

17. BANK BORROWINGS

	Group 2016 RM'000	(Restated) 2015 RM'000
Secured		
Floating rates		
Bank overdrafts	9,552	10,192
Bills payables	38,446	22,493
Bridging loans	16,792	14,395
Term loans	41,008	39,109
Total bank borrowings	105,798	86,189
Analysed as:		
Repayable within twelve months		
Secured		
Floating rates		
Bank overdrafts	9,552	10,192
Bills payables	38,446	22,493
Bridging loans	16,792	14,395
Term loans	5,298	6,117
	70,088	53,197
Repayable after twelve months		
Secured		
Floating rates		
Term loans	35,710	32,992
Total bank borrowings	105,798	86,189

The bank overdrafts, bills payables, bridging loans and term loans are secured by the following:

(a) legal charge over land and buildings of certain subsidiary companies as disclosed in Notes 4(a) and 6(a);

(b) fixed deposit of a subsidiary company as disclosed in Note 12;

(c) fixed and floating charge created over the Group's assets;

(d) legal charge over a vacant commercial land of a company in which certain Directors of the Company have substantial financial interest;

(e) Specific debenture incorporated fixed and floating charge on a development project undertaken by a subsidiary company on part of the project land held under HS(D) 161991, PT37789, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor; and

(f) a corporate guarantee by the Company.

17. BANK BORROWINGS (CONT'D)

Maturity of the bank borrowings is as follows:

	Group 2016 RM'000	2015 RM'000
Within one year	70,088	53,197
Between one and two years	6,100	6,676
Between two and three years	6,545	8,638
Between three and four years	7,023	4,605
Between four and five years	6,391	5,342
After five years	9,651	7,731
	105,798	86,189

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

	Group 2016 %	(Restated) 2015 %
Bank overdrafts	7.85	7.85
Bills payables	3.55 - 8.35	3.45 - 5.55
Bridging loans	7.15	7.35
Term loans	4.85 - 7.85	6.95 - 7.85

18. DEFERRED TAX LIABILITIES

	Note	Group 2016 RM'000	2015 RM'000
At 1 August		12,314	10,139
Recognised in profit or loss	25	272	2,486
Over provision in prior years	25	(797)	(311)
Other comprehensive income			
- Change of tax rate on assets revaluation reserve		(571)	-
At 31 July		11,218	12,314

18. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group 2016 RM'000	Group 2015 RM'000
Deferred tax liabilities	17,021	16,915
Deferred tax assets	(5,803)	(4,601)
	11,218	12,314

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	Other temporary differences RM'000	Total RM'000
At 1 August 2015	8,717	8,198	-	16,915
Recognised in profit or loss	1,162	(283)	66	945
Over provision in prior year	(268)	-	-	(268)
Change of tax rate on assets revaluation reserve	-	(571)	-	(571)
At 31 July 2016	9,611	7,344	66	17,021
At 1 August 2014	8,321	8,423	-	16,744
Recognised in profit or loss	548	(225)	(14)	309
(Over)/Under provision in prior year	(152)	-	14	(138)
At 31 July 2015	8,717	8,198	-	16,915

18. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of the deferred tax liabilities and assets 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 losses RM'000	Total RM'000
At 1 August 2015	(901)	(1,005)	(1,527)	(1,168)	(4,601)
Recognised in profit or loss	(164)	(130)	1,528	(1,907)	(673)
Under provision in prior year	-	(327)	(1)	(201)	(529)
At 31 July 2016	(1,065)	(1,462)	-	(3,276)	(5,803)
At 1 August 2014	125	(1,671)	(4,369)	(690)	(6,605)
Recognised in profit or loss	(1,068)	895	3,120	(770)	2,177
Over/(Under) provision in prior year	42	(229)	(278)	292	(173)
At 31 July 2015	(901)	(1,005)	(1,527)	(1,168)	(4,601)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised capital allowances	696	696	-	-
Unutilised reinvestment allowances	537	537	-	-
Unused tax losses	6,024	15,762	1,518	1,548
Decelerated capital allowances	1,563	4,734	-	-
	8,820	21,729	1,518	1,548

19. TRADE PAYABLES

	Group 2016 RM'000	Group 2015 RM'000
Trade payables	18,996	18,246
Retention sum	14,397	9,248
	33,393	27,494
Landowners' entitlement		
- Related parties	36,913	14,512
- Third parties	3,738	-
	40,651	14,512
Progress billings in respect of property development costs	-	4,432
	74,044	46,438

The normal trade credit term granted to the Group range from 1 to 90 days (2015: 1 to 90 days). Other credit terms are assessed and approved on a case by case basis.

20. OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables				
- Related parties	3,268	48	-	-
- Third parties	22,584	18,373	8	40
	25,852	18,421	8	40
Accruals	7,822	5,238	162	156
Deposits	1,129	1,402	-	-
	34,803	25,061	170	196

Notes To The Financial Statements
(Cont'd)

21. REVENUE

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Sale of goods	234,144	224,672	-	-
Property development	219,077	91,568	-	-
Management fees from subsidiary companies	-	-	160	160
	453,221	316,240	160	160

22. COST OF SALES

	Group 2016 RM'000	Group 2015 RM'000
Cost of goods sold	195,577	190,072
Property development	173,346	65,537
	368,923	255,609

23. FINANCE COSTS

	Group 2016 RM'000	Group (Restated) 2015 RM'000
Interest expenses on:		
Bank overdrafts	2,180	652
Bills payables	1,563	837
Bridging loans	1,674	864
Term loans	1,340	2,397
Finance lease liabilities	1,161	189
	7,918	4,939
Less : Interest expenses included in property development coasts [Note 6(e)]	(1,674)	-
	6,244	4,939

24. PROFIT/ (LOSS) BEFORE TAX

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration				
- Statutory				
- current year	121	109	32	30
- under provision in prior years	4	-	-	-
- other	3	6	3	3
Bad debts written off	131	-	-	-
Non-executive Directors				
- fee	114	114	114	114
Depreciation of property, plant and equipment	11,388	8,632	-	-
Impairment losses on trade receivables	-	80	-	-
Inventories written down	35	96	-	-
Reversal of inventories written down	(12)	(81)	-	-
Rental of land and premises paid/payable				
- a subsidiary company	-	-	72	72
- Company's Director	769	769	-	-
- third parties	990	767	-	-
Rental of machinery and equipment	88	116	-	-
Incorporation fees	-	5	-	-
Interest income	(41)	(14)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(187)	18	-	-
(Gain)/Loss on derivative financial assets/liabilities	(1,038)	1,557	-	-
Loss on foreign exchange				
- realised	4,009	2,607	-	-
- unrealised	451	1,122	-	-
Rental income of premises	(150)	(50)	-	-
Reversal of impairment losses on investment in a subsidiary company	-	-	(2,500)	-
Reversal of impairment losses on trade receivables	(79)	(600)	-	-

25. TAXATION

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Tax expenses recognised in profit or loss:				
Malaysian statutory tax:				
Current tax provision	9,008	4,318	-	-
Under provision in prior years	666	187	-	-
	9,674	4,505	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	272	2,686	-	-
Relating to changes in tax rate	-	(200)	-	-
Over provision in prior years	(797)	(311)	-	-
	(525)	2,175	-	-
	9,149	6,680	-	-

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

A reconciliation of income tax expense applicable to profit/(loss) before tax 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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit/(Loss) before tax	47,366	31,265	2,098	(302)
At Malaysian statutory tax rate of 24% (2015: 25%)	11,368	7,816	504	(75)
Effects of changes in tax rate	-	(200)	-	-
Income not subject to tax	(493)	(150)	(600)	-
Expenses not deductible for tax purposes	1,771	892	103	92
Double tax relief	(259)	(311)	-	-
Deferred tax assets not recognised	(1,275)	-	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(1,832)	(1,237)	(7)	(17)
Under provision of taxation in respect of prior years	666	187	-	-
Over provision of deferred taxation in respect of prior years	(797)	(311)	-	-
Deferred tax liability not recognised due to Pioneer Status	-	(6)	-	-
Tax expense for the financial year	9,149	6,680	-	-

25. TAXATION (CONT'D)

Tax savings arising from tax losses:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Income tax arising from utilisation of prior year losses not recognised	2,408	278	7	17

Malaysian Investment Development Authority ("MIDA") has approved the application of the "Pioneer Status" by a subsidiary company, Great Platform Sdn. Bhd., 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.

On 5 May 2014, MIDA has approved the application of the "Pioneer Status" by the subsidiary company, Great Platform Sdn. Bhd., under the Promotion of Investment Act, 1986, of which 70% of the statutory income from manufacturing of medium-density fibreboard is exempted from tax for a period of 5 years. The pioneer certificate has not been released. As such, the commencement date of the pioneer status has not been determined.

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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Unutilised capital allowances	6,786	6,246	-	-
Unutilised reinvestment allowances	537	6,900	-	-
Unused tax losses	19,675	21,468	1,518	1,548
	26,998	34,614	1,518	1,548

26. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016	2015
Profit for the financial year attributable to the owners of the parent (RM'000)	38,217	24,585
Weighted average number of ordinary shares in issue (in thousands of shares)	611,614	609,291
Basic earnings per share (sen)	6.2	4.0

(b) Diluted earnings per share

Diluted earnings per share is calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2016	2015
Profit for the financial year attributable to the owners of the parent (RM'000)	38,217	24,585
Weighted average number of ordinary shares used in the calculation of basic earnings per share (in thousands of shares)	611,614	609,291
Adjusted for:		
Assumed exercise of ESOS at no consideration (in thousands of shares)	7,278	9,136
Warrants	*	*
	618,892	618,427
Diluted earnings per share (sen)	6.2	4.0

* The number of shares under warrants was not taken into account in the computation of diluted earnings per share as the warrants do not have any dilutive effect on weighted average number of ordinary shares.

27. DIVIDENDS

The Directors recommend a first and final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 July 2016, subject to the approval of the shareholders at the forthcoming annual general meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2017.

28. STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and other emoluments	39,668	35,594	121	76
Social security contributions	93	87	1	1
Defined contribution plans	1,148	1,061	15	9
Other benefits	2,057	3,030	-	-
Benefits-in-kind	49	52	-	-
	43,015	39,824	137	86

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and other emoluments	1,854	1,854	-	-
Social security contributions	2	2	-	-
Defined contribution plans	222	222	-	-
Benefits-in-kind	49	52	-	-
	2,127	2,130	-	-

29. EMPLOYEES' SHARE OPTION SCHEME

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").

At an extraordinary general meeting held on 1 March 2012, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issue share capital of the Company at the point in time throughout the duration of the scheme to eligible Directors and employees of the Group.

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

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

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

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

(c) 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.

(d) 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.

(e) 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.

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

	Number of Share Options						
		Movements during the financial year					
	Outstanding as at 1 August '000	*Adjustment '000	Exercised '000	Forfeited '000	Lapsed '000	Outstanding as at 31 July '000	Exercisable as at 31 July '000
2016							
ESOS	14,420	-	(813)	-	-	13,607	13,607
2015							
ESOS	8,592	7,398	(1,570)	-	-	14,420	14,420

* Adjustment on additional ESOS issued arising from bonus issue

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

Share Options	Exercise prices RM	Exercise periods
2016		
ESOS	0.25	11.05.2012 - 08.04.2017
2015		
ESOS	# 0.25	11.05.2012 - 08.04.2017

revised exercise price arising from bonus issue

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

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:

	2016	2015
Fair value of share options (RM)	0.44	0.44
Weighted average share price (RM)	0.483	0.483
Weighted average exercise price (RM)	0.250	# 0.250
Expected volatility (%)	4.160	4.160
Expected option life (years)	5	5
Risk-free interest rate, p.a. (%)	3.456	3.456

revised exercise price arising from bonus issue

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.

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	
	2016 Unit ('000)	2015 Unit ('000)	2016 Unit ('000)	2015 Unit ('000)
ESOS				
At 1 August	11,292	5,646	5,880	2,940
Adjustment arising from bonus issue	-	5,646	-	2,940
Exercised	(813)	-	-	-
At 31 July	10,479	11,292	5,880	5,880

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

30. WARRANTS

On 18 December 2014, the Company issued 305,432,000 bonus shares together with 305,432,000 free detachable warrants on the basis of one (1) new warrant for every one (1) bonus share of RM0.25 each. The Company executed the Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.25 and RM0.70 each respectively.

The warrants may be exercised at any time commencing on the date of issue of warrants on 18 December 2014 but not later than 11 December 2019. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercised of the warrants shall rank pari passu in all respect with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the warrants.

As at 31 July 2016, the total number of warrants that remain unexercised were 305,432,000 (2015: 305,432,000).

31. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bankers' guarantees issued in favour of:				
- Tenaga Nasional Berhad	2,340	2,838	-	-
- Jabatan Imigresen	781	994	-	-
- Jabatan Kerja Raya	-	20	-	-
- Kementerian Perumahan dan Kerajaan Tempatan	1,410	-	-	-
	4,531	3,852	-	-
Guarantee given for banking facilities granted to subsidiary companies	-	-	127,488	96,041
	4,531	3,852	127,488	96,041

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 2016.

Notes To The Financial Statements
(Cont'd)

32. COMMITMENTS

	Group 2016 RM'000	Group 2015 RM'000
(a) Capital commitment		
Approved and contracted for:		
Purchase of land held for property development	8,890	-
Purchase of property, plant and equipment	23,492	12,600
	32,382	12,600
(b) Operating lease commitment		
Future minimum lease payments:		
Within one year	769	769
Between one and five years	-	769
	769	1,538

The Group has entered into commercial lease for certain of its land and premises. These leases have tenure of 1 year (2015: 2 years) with a renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

33. RELATED PARTY DISCLOSURES

(a) Identifying related party

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

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

33. RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than related party balances disclosed in Notes 9, 11, 19 and 20, the Group and the Company had the following transactions with related parties during the financial year:

	2016 RM'000	2015 RM'000
Group		
Transaction with a Director		
Rental paid	769	769
Transaction with spouse of a Director of the Company		
Landowner's entitlement paid/payable		
- Datin Sri Chee Ah Kuan	-	253
Transactions with companies in which certain Directors of the Company have substantial financial interest		
Provision of services		
- M&A Securities Sdn. Bhd.	-	728
Landowner's entitlement paid/payable		
- Kiara Susila Sdn. Bhd.	-	134
Transactions with a company in which a Director of the Company is also the director of ASSB		
Landowner's entitlement paid/payable		
- Astana Baru Sdn. Bhd. ("ASSB")	28,006	12,384
Company		
Transactions with subsidiary companies		
Management fee received/receivable	160	160
Rental paid/payable	72	72

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	3,684	2,936	114	114
Benefits-in-kind	49	52	-	-
	3,733	2,988	114	114

34. 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
Boards	Manufacture and trading of particle board and medium-density fibreboard
Property development and construction	Property development and construction
Others	Investment holding and others

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 tax, 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.

34. SEGMENT INFORMATION (CONT'D)

	Rubberwood furniture RM'000	Boards RM'000	Property development and construction RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2016							
Revenue							
External sales	190,466	43,678	219,077	-	453,221	-	453,221
Inter-segment sales	28,487	7,471	13,800	160	49,918	(49,918)	-
Total sales	218,953	51,149	232,877	160	503,139	(49,918)	453,221
Results							
Segment results	22,312	5,311	29,416	1,162	58,201	(4,632)	53,569
Interest income	-	1	40	-	41	-	41
Finance costs	(3,195)	(2,320)	(729)	-	(6,244)	-	(6,244)
Profit before tax	19,117	2,992	28,727	1,162	51,998	(4,632)	47,366
Taxation	(2,274)	7	(6,882)	-	(9,149)	-	(9,149)
Profit for the financial year	16,843	2,999	21,845	1,162	42,849	(4,632)	38,217
Asset							
Addition to non-current assets	3,257	26,188	4,896	-	34,341	-	34,341
Non-cash expenses/ (income)							
Bad debts written off	131	-	-	-	131	-	131
Depreciation of property, plant and equipment	5,696	2,896	2,796	-	11,388	-	11,388
Gain on disposal of property, plant and equipment	(40)	-	(147)	-	(187)	-	(187)
Gain on derivative financial liabilities	(1,032)	(6)	-	-	(1,038)	-	(1,038)
Impairment losses on investment in a subsidiary company	-	-	-	900	900	(900)	-
Inventories written down	35	-	-	-	35	-	35
Loss/(Gain) on foreign exchange - unrealised	590	(139)	-	-	451	-	451
Reversal of inventories written down	(12)	-	-	-	(12)	-	(12)
Reversal of impairment losses on investment in a subsidiary company	-	-	-	(2,500)	(2,500)	2,500	-
Reversal of impairment on trade receivables	(79)	-	-	-	(79)	-	(79)

34. SEGMENT INFORMATION (CONT'D)

	Rubberwood furniture RM'000	Boards RM'000	Property development and construction RM'000	Others RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
2015							
Revenue							
External sales	196,557	28,115	91,568	-	316,240	-	316,240
Inter-segment sales	26,755	5,118	-	160	32,033	(32,033)	-
Total sales	223,312	33,233	91,568	160	348,273	(32,033)	316,240
Results							
Segment results	17,064	2,105	17,603	555	37,327	(1,137)	36,190
Interest income	3	-	11	-	14	-	14
Finance costs	(2,265)	(1,402)	(1,272)	-	(4,939)	-	(4,939)
Profit/(Loss) before tax	14,802	703	16,342	555	32,402	(1,137)	31,265
Taxation	(2,337)	(34)	(4,375)	-	(6,746)	66	(6,680)
Profit/(Loss) for the financial year	12,465	669	11,967	555	25,656	(1,071)	24,585
Asset							
Addition to non-current assets	2,742	20,158	10,422	-	33,322	-	33,322
Non-cash expenses/ (income)							
Bad debts recovered	-	-	-	(609)	(609)	609	-
Depreciation of property, plant and equipment	5,737	2,100	795	-	8,632	-	8,632
Impairment losses on trade receivables	80	-	-	-	80	-	80
Inventories written down	96	-	-	-	96	-	96
Loss on disposal of property, plant and equipment	18	-	-	-	18	-	18
Loss on foreign exchange - unrealised	772	350	-	-	1,122	-	1,122
Loss on derivative financial liabilities	1,557	-	-	-	1,557	-	1,557
Reversal of inventories written down	(81)	-	-	-	(81)	-	(81)
Reversal of impairment losses on amount due from a subsidiary company	-	-	-	(263)	(263)	263	-
Reversal of impairment losses on trade receivables	(600)	-	-	-	(600)	-	(600)

34. SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Reconciliation of profit

	2016 RM'000	2015 RM'000
Segment profit	58,201	37,327
Interest income	41	14
Finance costs	(6,244)	(4,939)
Bad debts recovered	-	(609)
Impairment losses on investment in a subsidiary company	900	-
Profit from inter-segment sales	(3,032)	(265)
Reversal of impairment losses on amount due from a subsidiary company	-	(263)
Reversal on impairment losses on investment in a subsidiary company	(2,500)	-
Profit before tax	47,366	31,265

Geographical segments

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

	Revenue		Addition to non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Group				
Malaysia	346,173	198,214	34,341	33,322
Asia Pacific and other Asian countries	28,953	33,443	-	-
Europe	3,189	2,092	-	-
North America	47,312	50,012	-	-
Others *	27,594	32,479	-	-
	453,221	316,240	34,341	33,322

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

Major customer

In previous financial year, revenue from one major customer amounted to RM43,833,000, arising from sales in rubberwood furniture segment.

35. 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 liabilities in the statements of financial position by the class of financial instruments

	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				
2016				
Financial Assets				
Trade receivables	-	25,522	-	25,522
Other receivables	-	53,768	-	53,768
Derivative financial assets	217	-	-	217
Fixed deposit with a licensed bank	-	2,025	-	2,025
Cash and bank balances	-	12,626	-	12,626
	217	93,941	-	94,158
Financial Liabilities				
Trade payables	-	-	74,044	74,044
Other payables	-	-	34,803	34,803
Derivative financial liabilities	36	-	-	36
Finance lease liabilities	-	-	17,638	17,638
Bank borrowings	-	-	105,798	105,798
	36	-	232,283	232,319
2015				
Financial Assets				
Trade receivables	-	27,005	-	27,005
Other receivables	-	22,277	-	22,277
Fixed deposit with a licensed bank	-	1,905	-	1,905
Cash and bank balances	-	5,389	-	5,389
	-	56,576	-	56,576

35. 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
Group				
2015				
Financial Liabilities				
Trade payables	-	-	42,006	42,006
Other payables	-	-	25,061	25,061
Derivative financial liabilities	857	-	-	857
Finance lease liabilities	-	-	7,228	7,228
Bank borrowings	-	-	86,189	86,189
	857	-	160,484	161,341
Company				
2016				
Financial Assets				
Amount due from subsidiary companies	-	116,424	-	116,424
Cash and bank balances	-	211	-	211
	-	116,635	-	116,635
Financial Liability				
Other payables	-	-	170	170
2015				
Financial Assets				
Amount due from subsidiary companies	-	114,030	-	114,030
Cash and bank balances	-	134	-	134
	-	114,164	-	114,164
Financial Liability				
Other payables	-	-	196	196

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM127,488,000 (2015: RM96,041,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk except as disclosed in Note 8. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(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.

35. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

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 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						
2016						
Trade payables	74,044	-	-	-	74,044	74,044
Other payables	34,803	-	-	-	34,803	34,803
Derivative financial liabilities	36	-	-	-	36	36
Finance lease liabilities	9,071	3,728	6,714	1,372	20,885	17,638
Bank borrowings	72,762	8,366	23,935	10,815	115,878	105,798
	190,716	12,094	30,649	12,187	245,646	232,319
2015						
Trade payables	42,006	-	-	-	42,006	42,006
Other payables	25,061	-	-	-	25,061	25,061
Derivative financial liabilities	857	-	-	-	857	857
Finance lease liabilities	3,707	3,350	758	-	7,815	7,228
Bank borrowings	55,835	10,215	21,891	7,211	95,152	86,189
	127,466	13,565	22,649	7,211	170,891	161,341

35. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company			
2016			
Other payables	170	170	170
2015			
Other payables	196	196	196

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Chinese Renminbi ("RMB").

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
Group				
2016				
Financial assets				
Trade receivables	3,541	-	-	3,541
Other receivables	645	-	-	645
Derivative financial liabilities	217	-	-	217
Fixed deposit with a licensed bank	2,025	-	-	2,025
Cash and bank balances	1,426	130	-	1,556
	7,854	130	-	7,984

35. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

	Denominated in			
	USD RM'000	RMB RM'000	JPY RM'000	Total RM '000
Group				
2016				
Financial liabilities				
Trade payables	-	-	10	10
Other payables	7,780	484	-	8,264
Derivative financial liabilities	36	-	-	36
	7,816	484	10	8,310
2015				
Financial assets				
Trade receivables	5,415	-	-	5,415
Fixed deposit with a licensed bank	1,905	-	-	1,905
Cash and bank balances	1,097	2	-	1,099
	8,417	2	-	8,419
Financial liabilities				
Trade payables	-	-	10	10
Other payables	4,321	492	-	4,813
Derivative financial liabilities	857	-	-	857
	5,178	492	10	5,680

Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

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

	Effects on profit before tax	
	2016 RM'000	2015 RM'000
Change in currency rate		
USD		
- Strengthen by 10% (2015: 10%)	4	324
- Weaken by 10% (2015: 10%)	(4)	(324)
RMB		
- Strengthen by 10% (2015: 10%)	(35)	(49)
- Weaken by 10% (2015: 10%)	35	49
JPY		
- Strengthen by 10% (2015: 10%)	1	1
- Weaken by 10% (2015: 10%)	(1)	(1)

(b) Interest rate risk

The Group and Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group and Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining 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 rate swap contracts for trading or speculative purposes.

34. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

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

	Group	
	2016 RM'000	2015 RM'000
Financial liabilities		
Fixed rate instruments		
Finance lease liabilities	17,638	7,228
Bills payables	-	1,590
	17,638	8,818
Floating rate instruments		
Bank overdrafts	9,552	10,192
Bills payables	38,446	20,903
Bridging loans	16,792	14,395
Term loans	41,008	39,109
	105,798	84,599

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased), the Group's profit before tax by RM1,058,000 (2015: RM846,000) arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variable remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term loans and borrowings approximate their fair value 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 approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2016										
Financial asset										
Forward exchange contracts	-	217	-	217	-	-	-	-	217	217
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	10,483	-	10,483	10,483	11,555
Forward exchange contracts	-	36	-	36	-	-	-	-	36	36
	-	36	-	36	-	10,483	-	10,483	10,519	11,591
2015										
Financial liabilities										
Finance lease liabilities	-	-	-	-	-	3,655	-	3,655	3,655	3,910
Forward exchange contracts	-	857	-	857	-	-	-	-	857	857
	-	857	-	857	-	3,655	-	3,655	4,512	4,767

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

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

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

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

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at the end of the reporting period are as follows:

36. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio is as follows:

	Group	
	2016 RM'000	2015 RM'000
Total loans and borrowings	123,436	93,417
Less: Cash and bank balances	(12,626)	(5,389)
Net debts	110,810	88,028
Total equity	280,589	241,602
Debt-to-equity ratio (%)	39.5%	36.4%

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.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the following significant events took place for the subsidiary companies:

(a) Seng Yip Furniture Sdn. Bhd. ("SYF")

SYF has entered into a sale and purchase agreement with a third party to purchase a leasehold land held under Lot 4644, Simpang Pertang, Negeri Sembilan for a total consideration of RM880,000.

The acquisition has completed during the financial year.

(b) Nuri Meriah Sdn. Bhd. ("NMSB")

During the financial year, NMSB has entered into a sale and purchase agreement with a third party to purchase a freehold agricultural vacant land held under GM1128, Lot 1464, Mukim Ceras, Tempat Sekamat, Daerah Hulu Langat, Selangor Darul Ehsan for a total consideration of RM6,333,732.

The acquisition has yet to be completed as at the date of this report.

(c) Nikmat Sekitar Sdn. Bhd. ("NSSB")

During the financial year, NSSB has entered into a sale and purchase agreement with a third party to purchase a freehold agricultural vacant land held under GM403, Lot 1461, Mukim Ceras, Tempat Sekamat, Daerah Hulu Langat, Selangor Darul Ehsan for a total consideration of RM4,600,000.

The acquisition has yet to be completed as at the date of this report.

38. COMPARATIVE FIGURES

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 July 2015.

39. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 July 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 26 October 2016.

40. SUPPLEMENTARY FINANCIAL INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiary companies				
- Realised	95,175	50,679	27,835	25,737
- Unrealised	(3,287)	(1,922)	-	-
	91,888	48,757	27,835	25,737
Less: Consolidation adjustments	(3,615)	893	-	-
Total retained earnings	88,273	49,650	27,835	25,737

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

成 業 資 源 有 限 公 司
SYF RESOURCES BERHAD
(364372-H)
(Incorporated in Malaysia under the Companies Act, 1965)

Form Of Proxy

I/We ……………………………………………………………… NRIC/Company No. ……………………………………………
(Full Name in block letters)

of……
(Full address)

being a member(s) of **SYF RESOURCES BERHAD** hereby appoint ……………………………………………………………

…………………………………………………………………………………………… NRIC No. ……………………………………………
(Full Name in block letters)

of…… or failing whom,
(Full address)

………………………………………………… NRIC No. ………………………………………… 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 **Twenty-First (21st) Annual General Meeting** of the Company to be held at **Ballroom, Prescott Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor** on **Tuesday, 10 January 2017** 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:-

No.	Agenda	Ordinary Resolutions	FOR	AGAINST
1	Payment of Directors' fees of RM114,000 for the financial year ended 31 July 2016.	1		
2	Payment of a First and Final Single-Tier Dividend of 4% or 1 sen for each ordinary share of RM0.25 each in respect of the financial year ended 31 July 2016.	2		
3	Re-election of Cheong Yee Kiong as Director pursuant to Article 106 of the Company's Articles of Association.	3		
4	Re-election of Foo Lee Khean as Director pursuant to Article 106 of the Company's Articles of Association.	4		
5	Re-appointment of Messrs. UHY as Auditors and to authorise the Directors' to fix their remuneration.	5		
6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	6		
7	Proposed Renewal of the Existing Authority for the Company to Purchase Its Own Shares of Up to Ten Percent (10%) of Its Issued and Paid-Up Share Capital.	7		
8	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	8		

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 _________________2016/7

No. of Shares Held	
CDS Account No.	
Tel No. (during office hours)	

……………………………………………………………………
Signature/Common Seal of Shareholder

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 authorised 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 with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 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 4 January 2017 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

The Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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SYF RESOURCES BERHAD
Kawasan Perindustrian Sungai Lalang,
Lot 971, Jalan Vill, Mukim Semenyih, Jalan Sungai Lalang
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