Statement On Risk Management And Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") is pleased to provide a Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the financial year.

The Group's system of risk management and internal control applies principally to Scientex Berhad and its subsidiaries.

Board Responsibility

The Board acknowledges its overall responsibility to maintain a sound risk management and internal control system as well as reviewing its adequacy and effectiveness and to put in sufficient safeguards to manage the Group's risks in order to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations in any system of risk management and internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Thus the system of internal control put in place can only provide reasonable but would not be an absolute assurance against material misstatements or loss. The significant areas covered by the Group's system of internal control are financial, organisational, operational and compliance controls.

Risk Management

The Board understands that all areas of the Group's activities involve some degree of risk and recognises that business decisions involve the taking of appropriate risks and the ultimate objective is to balance the risks involved with the potential returns to the shareholders. The Board is assisted by the Risk Management Committee and the Audit Committee in the oversight of overall risk management and internal control system of the Group as well as supported by an Executive Committee, which is chaired by the Group Managing Director and comprises senior management personnel of the Group, in implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks, and making recommendations designed to manage, control and mitigate such risks, whilst continuously monitoring and reviewing the risks and its impact on the Group's operations on a regular basis.

Internal Audit Function

The Group has an internal audit department to support the Audit Committee and the Board. The Head of Internal Audit reports to the Audit Committee on a quarterly basis. The Group's internal audit department conducts audit on the Group's operations as mandated by the Audit Committee and checks and monitors compliance with the Group's policies and procedures as well as the adequacy and effectiveness of the internal control system put in place. The internal audit department will highlight significant findings in respect of non-compliance to the Board via the Audit Committee and take follow-up actions with the management in respect of the agreed corrective actions to be implemented.

Other Key Elements of Risk Management and Internal Control

The other key elements of the Group's risk management and internal control system are as follows:-

- Since January 2009, an Executive Committee chaired by the Group Managing Director comprising heads of divisions and members of the key management of the Group was established to assist the Board and to look into daily operational matters and the overall management of the principal areas of risk affecting the Group to ensure that the operations are in line with the Group's overall objectives, direction and budget as well as approved policies and business strategies. The Committee also formulates operational strategies on an on-going basis to respond to rapid changes in the external business conditions and environment whilst ensuring that the Group's overall objectives and policies are adhered to. Operational issues and significant risks are raised for deliberation and discussion in the Committee and adequate responses and actions would be taken thereafter. The Committee meets every month, depending on the urgency and circumstances in order to ensure that quick pro-active actions are taken to ensure that the interests of the Group are protected at all times.

- The Risk Management Committee was established on 19 June 2014. The main function of the Committee is to report to the Board and provide appropriate advice and recommendations on material risk issues and a risk management system for the timely identification, mitigation and management of such significant risk that may have a material impact on the Group. The Committee meets as and when necessary and works closely with the Executive Committee to ascertain that there are on-going monitoring processes to manage significant risks.

- The Group Managing Director conducts regular management meetings with the respective management teams of the various divisions/business units and review financial and operational reports in order to monitor the performance and profitability as well as operational issues including internal control matters and risk management of the respective business units.

- The Group has clearly defined delegation of responsibilities to the various committees of the Board and to the management including an effective organisational structure and proper authority matrix.

Statement On Risk Management And Internal Control

- The functional control framework has been documented in the "Internal Control Guidelines and Procedures" of manufacturing and property divisions which set out the various key controls and process requirements across all functions, including but not limited to the main areas of financial risks. It provides management teams with a reference on the Group's internal control guidelines/policies, procedures and practices and tools to manage business risks that are significant to the fulfillment of the Group's business objectives. It is updated as and when necessary in order to reflect the changing risk profiles as dictated by changes in the business environment, strategies and functional activities from time to time.

- An annual budgeting process has also been established, whereby all key operating subsidiary companies of the Group are required to prepare budgets and business plans for the coming year. For effective and meaningful monitoring and review of performance, the management has introduced the Quarterly Rolling Budget System which covers all the major divisions of the Group whereby actual monthly and quarterly performance are duly compared with budgets set. Reviews of performances are conducted monthly with major variances being addressed and remedial management actions taken, where necessary.

- The Board and management are provided with quarterly performance report that gives comprehensive information on financial performance and key business indicators for monitoring purposes.

Conclusion

During the financial year under review, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. All internal control weaknesses identified and highlighted to the Audit Committee have been and/or are being addressed. There is no material losses that have arisen from any inadequacy or failure of the risk management and internal control system which required separate disclosure in this Annual Report. The Board has received assurance from the Managing Director and Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. Hence, the Board is of the view that the current risk management practice and system of internal control instituted throughout the Group are sufficient to safeguard the Group's assets. Nevertheless, the Board and management maintain a continuing commitment to strengthen the Group's risk management and internal control environment and processes.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised): Guidance for Auditors on the Review of Directors' Statement on Internal Control, issued by the Malaysian Institute of Accountants. 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 the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in its review of the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board on 24 October 2016.

Audit Committee Report

The Board of Directors ("Board") is pleased to present the report of the Audit Committee for the financial year ended 31 July 2016.

AUDIT COMMITTEE MEMBERS

The members of the Audit Committee comprises the following Directors, who each satisfy the "independence" requirements contained in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"):-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman *(Independent Non-Executive Director)*
Cham Chean Fong @ Sian Chean Fong	Member *(Independent Non-Executive Director)*
Ang Kim Swee	Member *(Independent Non-Executive Director)*

AUDIT COMMITTEE MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year ended 31 July 2016. The details of attendance of each member in the Audit Committee Meetings are as follows:-

Committee Members	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	5/5	100
Cham Chean Fong @ Sian Chean Fong	5/5	100
Ang Kim Swee	5/5	100

Notes:
The meetings were held on 28 September 2015, 30 October 2015, 17 December 2015, 22 March 2016 and 1 June 2016.

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The functions and duties of the Audit Committee are set out in its terms of reference, a copy of which is available on the Corporate section of the Company's website at www.scientex.com.my.

In discharging its functions, duties and responsibilities, the Audit Committee had undertaken the following works during the financial year ended 31 July 2016:-

(i) Financial Reporting And Regulatory Requirements

The Audit Committee monitored the financial reporting processes for the Group, included reviewing and discussing reports with the management and external auditors. The Committee has reviewed the Group's unaudited quarterly financial results and announcements to Bursa Securities as well as the Group's year end audited financial statements to ensure compliance with the applicable financial reporting standards and relevant regulatory requirements, as well as discussed the performance of the Group, before presentation to the Board of Directors for consideration and approval.

The Committee reviewed significant accounting, auditing and regulatory issues and the impact of new accounting standards and other regulatory requirements, such as the impact of new Malaysian Financial Reporting Standards Framework and new & revised Auditor Reporting Standards.

As part of the year end reporting process, the Committee also discussed and reviewed external auditors' audit planning memorandum and audit highlight memorandum, outlining the audit scope, key audit areas, procedure, process, timetable and materiality level, accounting policies adopted by the management, application of judgement in financial statements, going concern assumption applied in the preparation of financial statements, consideration of any fraud and material non-compliance with laws and regulations, accounting and internal controls matters and the management's response to the findings etc. There were no significant findings noted from the reports.

(ii) External Auditors

In considering the appointment of external auditors, the Audit Committee discussed and considered the competency and resources of the external auditors, the rotation of audit partners, the audit and service team, the audit work, objectivity, professionalism and the independence of the external auditors.

For the financial year 2016, the Committee has reviewed the independence of the external auditors in respect of the provision of non-audit services to the Company and the Group and fees paid for such services relative to the audit fee, in accordance with the terms of all relevant professional and regulatory requirements and was of the opinion that the external auditors' independence is not impaired. Furthermore, the engagement partner has less than five (5) years involvement in the key audit role. Messrs Deloitte has also given their independence assurance for their audit works for the financial year ended 31 July 2016. Pursuant thereto, the Committee, having regard to the suitability, performance, objectivity, professionalism and independence of the external auditors, recommended to the Board for the re-appointment of Messrs Deloitte as Auditors of the Company for the financial year ending 31 July 2017.

The Committee also had private discussions with the external auditors without the presence of the executive board members and management during the review of the audited financial statements for the years ended 31 July 2015 and 31 July 2016 to discuss any issues arising from the final audit and the assistance given by the employees during the course of audit.

Audit Committee Report

(iii) Internal Auditors

The Audit Committee reviewed internal audit reports on certain operating units of the Group such as quality assurance, procurement cycle, fixed assets, credit controls and inventory. The Committee considered the major findings highlighted by the internal auditors as well as the management's responses. There were no major controls weaknesses noted from the internal audit reviews.

The Committee has reviewed and approved the internal audit plan for year 2016 to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group.

(iv) Scientex Berhad Share Grant Plan

The second batch allocation of shares to the eligible employees of the Company and its subsidiaries under the Scientex Berhad Share Grant Plan ("SGP") was vested on 20 November 2015. The Audit Committee reviewed and verified such allocation and concurred that the award of shares under the SGP was in compliance with the criteria determined by the SGP Committee, pursuant to Paragraph 8.17(2) of the Listing Requirements of Bursa Securities. During the financial year ended 31 July 2016, 472,000 new ordinary shares of RM0.50 each have been granted and vested to the eligible employees based on their employment grade and achievement of performance target for the financial year 2015.

(v) Others

The Committee also:-

a) Discussed on the matters related to the areas of corporate governance and prevention and detection of fraud, including the Group's assessment of risk of fraud, the programs and controls established to mitigate such risk and the framework in place to identify any risk of fraud. There was no risk of fraud detected from the reports presented in the Audit Committee meetings.

b) Reviewed related party transactions disclosed in the audited financial statements.

c) Reviewed and recommended to the Board for approval, the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by the Internal Audit Department, which reports directly to the Audit Committee on its activities based on the approved internal audit plans. Its principal function is to undertake independent regular and systematic review of the system of internal controls within the Group so as to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.

During the financial year under review, the Internal Audit Department had conducted assurance review on adequacy and effectiveness of the internal control system on certain operating units in accordance to the internal audit plan, by interviewing the relevant personnel, observing the working environment and procedure of the operating units, reviewing relevant supporting documents and performing sampling verification. After the reviews, preliminary internal audit reports were issued together with the recommendations which were then passed to the management for management's response and actions. Audit issues and actions taken by the management were recorded in the final internal audit reports before tabling at the Audit Committee meetings. During the financial year, the internal auditors tabled internal audit plan and internal audit reports, covering key operating units such as quality assurance, procurement cycle, fixed assets, credit controls and inventory of certain subsidiaries of the Group, to the Audit Committee for review and deliberation and the Chairman of the Committee briefed the Board of Directors on the internal audit reports on any major findings.

The cost incurred for the Group's internal audit function during the financial year ended 31 July 2016 amounted to RM356,000.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 24 October 2016.

Statement On Corporate Governance

The Board of Directors ("Board") recognises that good corporate governance and the responsibility to observe high standards of transparency, accountability and integrity to be the cornerstone of a well-managed organisation. These best practices will not only safeguard and enhance sustainable shareholders' value but also ensure that the interests of all the stakeholders are protected.

Set out below is the manner on how the Group has applied the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board's Roles And Responsibilities And The Functions Of Management

The Board is primarily responsible to determine the Group's strategic plans and direction, overseeing the conduct of the business, risk management, succession planning of senior management, implementing investor relations programme and ensuring the system of internal controls and management information system are in place and are effective. In addition, there is a schedule of matters reserved for the Board's approval amongst others, annual budget and business plans, recommendation of dividends, financial results, changes in board composition, substantial transactions, major acquisition of assets or investments and corporate proposals and issues.

The management is accountable for the execution of the expressed policies and attainment of the Group's corporate objectives. The management carries out and executes the day-to-day business and operational matters to meet the budgets adopted by the Board and such other corporate objectives as may be delegated by the Board to the management.

Code Of Ethics

The Board has on 24 September 2008 adopted the Code of Ethics for Directors, which set out the standards of corporate governance and corporate behaviour for the Directors of the Company. The Directors shall observe the Code of Ethics and its application to the performance of their duties and responsibilities in relation to the matters related to corporate governance, relationship with shareholders, employees, creditors and customers and corporate responsibilities and environment. Amongst others, the Code of Ethics encourages the Directors to oversee fair dealings by the employees and officers with the Company's customers, suppliers, competitors and employees in order to ensure no practice of unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices. Hence, stakeholders could direct any queries or concerns to the Group's dedicated Contact section in the Company's website at www.scientex.com.my.

Strategies Promoting Sustainability

The Board has formulated overall objectives and short and medium term plans as well as policies and business strategies on an on-going basis which are designed to respond to rapid changes in the external business conditions and environment whilst ensuring that the Group's overall objectives and plans are adhered to. The Group place great emphasis on developing the capabilities of our people and honing their talent and practise a performance based reward management system designed to promote performance in order to achieve sustainable growth. Apart from these, the Group has also shown its commitment to social health care and environment, of which a detailed report on sustainability activities for the year under review are disclosed on page 40 of this Annual Report.

Access To Information And Advice

The notice of board meetings are sent to all Board members a week ahead of the scheduled meetings. The formal agenda and board papers of the meetings are circulated to all Directors for their review in advance of the scheduled meetings to enable them to have opportunity to seek clarification and to have sufficient time to study the issues to be deliberated at the Board meetings. Amongst others, the board papers provide information such as quarterly financial results, annual financial statements, acquisition and investment proposals, major corporate and financial issues and minutes of meetings of Committees of the Board.

The Chairman of the Audit Committee and other Board Committees would inform the Directors at Board meetings of any salient matters noted by the Committees and which may be required to be brought up to the Board for attention, deliberation or implementation.

Senior management staff are invited to attend the Board meetings to give presentations and provide additional insight into matters to be discussed in the Board meetings. In addition, advisers and professionals appointed by the Company in connection with corporate proposals such as auditors, investment bankers and solicitors may also be invited to attend Board meetings to provide the Board with their professional opinion and explanation on the transaction in deliberation and to clarify any issues raised by the Board.

The Directors in their individual capacity or as a full Board have full and unrestricted access to all information pertaining to the Group. The Directors also have the advice and services of the Company Secretary and senior management staff at all times to aid in the proper discharge of their statutory and fiduciary duties. The Board seeks for update and advice from the qualified Company Secretary on procedural and regulatory requirements. The Directors may engage independent professional advice at the Company's expense, if necessary in the course of their duties.

Board Charter

The Board has on 25 June 2013 adopted a Board Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities and act as a source reference and primary induction literature to provide insights to prospective Board members and senior management.

The Board Charter would be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the needs of the Company from time to time and its compliance with the regulatory and legal requirements.

The Board Charter is accessible from the Corporate section of the Company's website at www.scientex.com.my.

2. STRENGTHEN COMPOSITION

The Board Committees

The following main Committees have been established to support the Board to discharge its duties and responsibilities. The Board has delegated certain powers and duties to these Committees, which operate within the defined terms of reference.

(i) Audit Committee

The Board has established an Audit Committee comprising three (3) Independent Non-Executive Directors.

The present members of the Audit Committee are:-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman *(Independent Non-Executive Director)*
Cham Chean Fong @ Sian Chean Fong	Member *(Independent Non-Executive Director)*
Ang Kim Swee	Member *(Independent Non-Executive Director)*

The terms of reference of the Audit Committee is available on the Corporate section of the Company's website at www.scientex.com.my and Audit Committee Report is provided on pages 43 and 44 of this Annual Report.

(ii) Nomination Committee

The Nomination Committee was established on 18 November 2003 with a written term of reference dealing with its functions, duties and authorities. The terms of reference of the Nomination Committee is available on the Corporate section of the Company's website at www.scientex.com.my.

The present members of the Nomination Committee are:-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman *(Independent Non-Executive Director)*
Cham Chean Fong @ Sian Chean Fong	Member *(Independent Non-Executive Director)*

The Nomination Committee's responsibilities, in accordance with its terms of reference, includes recommending to the Board candidates for appointment as Executive and Non-Executive Directors and assisting the Board in its annual review of the required mix of skills and experience and other qualities, including core competencies, which the Directors should bring to the Board. The Nomination Committee is also responsible to assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each Director on an annual basis. The assessment is based on competencies, commitment, contribution and performance of the Board, Board Committees and members as well as the required mix of skills, experience, independence, diversity, time commitment and other qualities to ensure the Board and Committees continue to function effectively and efficiently. The Nomination Committee has adopted a questionnaire methodology as part of the evaluation process, taking into account the requirements in the Main Market Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the Companies Act 1965. The questionnaire is tabled at the Nomination Committee meetings for discussion before any proposal is made to the Board to strengthen the Board and Committees' effectiveness.

In carrying out its functions and duties, the Nomination Committee has full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of professional recruitment firms to source for the right candidate for directorship, whenever necessary.

The Nomination Committee meets as and when necessary, with proper record of minutes to be kept by the Secretary.

During the financial year 2016, the Nomination Committee has assessed the independence of all Independent Non-Executive Directors of the Company to ensure the Board would be able to discharge its duties and responsibilities effectively. The Committee has adopted questionnaire methodology, which includes the criteria of "independent director" set out in the Listing Requirements of Bursa Securities, and has determined that all Independent Non-Executive Directors remain objective and independent. Thus, the Committee made recommendation to the Board for approval to retain them as Independent Non-Executive Directors.

The Nomination Committee has also reviewed the term of office and performance of the Audit Committee and each of its members, as well as the overall performance of the Board Committees, using questionnaire methodology. At the recommendation of the Chairman of the Company, the Committee had met with Dato' Noorizah Binti Hj Abd Hamid to consider her appointment as an additional Independent Non-Executive Director of the Company to enhance the roles and responsibilities of the Board and to contribute to the growth of the Group as well as to uphold good corporate governance.

The Nomination Committee has also assessed the composition of the Board and Board Committees having regard to the mix of skills, experience, competencies, diversity and other qualities required to meet the need of the Group. Pursuant thereto, the Nomination Committee having considered the skills, experience, character, competency, independence, diversity and time commitment of Dato' Noorizah, made recommendation to the Board for her appointment as Independent Non-Executive Director for the Board's deliberation and approval.

In addition, the Nomination Committee has received confirmation from the Directors who are subject to re-election or re-appointment at the forthcoming Annual General Meeting ("AGM") of their intention to seek for re-election or re-appointment and having considered their past contribution and attendance at the Board and Board Committee meetings, recommended them for re-election or re-appointment to another term.

(iii) Remuneration Committee

The Remuneration Committee was established on 18 November 2003. The present members of the Remuneration Committee are:-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman *(Independent Non-Executive Director)*
Lim Peng Jin	Member *(Managing Director)*
Cham Chean Fong @ Sian Chean Fong	Member *(Independent Non-Executive Director)*

The Remuneration Committee, in accordance with its terms of reference, has the function of reviewing and recommending to the Board the remuneration packages of the Executive Directors as well as fees and allowances for the Non-Executive Directors. The Committee is also responsible to adopt a formal and transparent procedure for developing the policy on the remuneration packages for the Directors.

In carrying out its duties and responsibilities, the Remuneration Committee has full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the advice of external consultants on the appropriateness of remuneration packages and other employment conditions, if required.

The Remuneration Committee meets as and when necessary, with proper record of minutes to be kept by the Secretary.

During the financial year 2016, the Remuneration Committee had reviewed the Directors' fees of the Company and recommended to the Board to increase the Directors' fees of the Company for the financial year ended 31 July 2016 in line with the performance and continuing growth of the Group.

(iv) Risk Management Committee

The Risk Management Committee was established on 19 June 2014. The present members of the Risk Management Committee are:-

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman *(Independent Non-Executive Director)*
Lim Peng Jin	Member *(Managing Director)*
Teow Her Kok @ Chang Choo Chau	Member *(Independent Non-Executive Director)*

The Risk Management Committee's functions and duties, in accordance with its terms of reference, include reviewing the risk management and internal control system of the business and the material exposures and strategies to mitigate such significant risks as well as reviewing the adequacy of the Group's overall risk assessment processes and the ability of the Group to identify and manage new material risks. The Committee shall report to the Board and provide appropriate advice and recommendations on material risk issues, and a risk management system for the timely identification, mitigation and management of such significant risks that may have a material impact on the Group. It works closely with the Executive Committee to ascertain that there are on-going monitoring processes to manage significant risks.

In carrying out its functions and duties, the Risk Management Committee has full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of external consultants or any other professional advice on any matter within its terms of reference when required. The Committee may also request the attendance of any members of other Board Committees and any employee of the Group or other individual at a meeting of the Committee as and when required.

The Risk Management Committee meets as and when necessary, with proper record of minutes to be kept by the Secretary.

Appointment And Re-election Of Directors

The Nomination Committee is responsible for making recommendations to the Board for the appointment of new directors. All nomination to the Board shall first be considered by the Nomination Committee, taking into account the required mix of skills and experience and the candidates' character, competency, integrity, time commitment and other qualities, before being recommended to the Board. The Nomination Committee also considers, in making its recommendation, candidates for directorship proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder. The Nomination Committee meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Committees. Based on its recommendation, the Board evaluates and decides on the appointment of the proposed candidate as an additional director or to replace any director who resign or retires from the Board and its Committees.

In accordance with the Company's Articles of Association, at every AGM, one-third (1/3) of the Directors with a minimum of one (1) and those appointed during the year shall retire from office and shall be eligible for re-election. The Articles of Association further provide that all Directors shall retire from office at least once in every three (3) years. The Directors over seventy years of age are required to offer themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. The assessment criteria and process undertaken are disclosed in Section 2(ii) of this Statement. The re-election and re-appointment of Directors ensure that shareholders have a regular opportunity to re-assess the composition of the Board.

Diversity Policy

The Company presently does not have any formal diversity policy in term of gender, ethnicity and age. The Nomination Committee and the Board are of the opinion that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board, taking into account the balance of skills, experience, knowledge, time commitment, independence and the Group's needs and circumstances.

Directors' Remuneration

The Company's general policy on Directors' remuneration is to offer competitive remuneration packages, which are designed to attract and retain high calibre Directors needed to run the Company successfully. The remuneration package for the Executive Directors is structured to link rewards to financial performance and long-term objectives of the Group and individual performance. The remuneration package comprises a number of separate elements such as basic salary, allowances, bonuses and other benefits-in-kind.

In the case of the Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for the Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall abstain from deliberation and voting on decisions in respect of his/her individual remuneration package.

In 2016, the Board approved the Remuneration Committee's recommendation to increase the Directors' fees in line with the performance and continuing growth of the Group, for which shareholders' approval will be sought at the forthcoming AGM.

The details of the remuneration of the Company's Directors paid and payable by the Company and the Group for the financial year ended 31 July 2016, are as follows:-

	Salaries RM'000	Fees RM'000	Bonuses and Allowances and Other Emoluments RM'000	EPF Contribution by Employer RM'000	Total RM'000
The Company					
Executive Director	240	50	1,220	263	1,773
Non-Executive Directors	-	260	-	-	260
The Group					
Executive Director	4,350	50	4,725	1,634	10,759
Non-Executive Directors	-	260	-	-	260

The number of Directors whose remuneration falls into the following bands in respect of the Company and the Group is as follows:-

Range of Remuneration	Number of Directors Executive Director	Non-Executive Directors
The Company		
RM50,000 and below	-	4
RM50,001 – RM100,000	-	1
RM1,750,001 – RM1,800,000	1	-
The Group		
RM50,000 and below	-	4
RM50,001 – RM100,000	-	1
RM10,750,001 – RM10,800,000	1	-

3. REINFORCE INDEPENDENCE

Assessment Of Independence And Tenure Of Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process and the ability of the Directors to exercise independent judgement at all times and to contribute to the effective functioning of the Board and to mitigate risks arising from conflict of interest or undue influence from interested parties. The Board, through the Nomination Committee assesses the independence of the Independent Non-Executive Directors. All the Independent Non-Executive Directors fulfil the criteria of "independent director" as prescribed under the Listing Requirements of Bursa Securities. Each of the Independent Non-Executive Directors has provided a confirmation of his independence to the Nomination Committee.

One of the recommendations of the Malaysian Code on Corporate Governance 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Board does not set any timeframe on how long the Independent Director can serve the Company. The Nomination Committee and the Board have assessed and determined that YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim and Mr Cham Chean Fong @ Sian Chean Fong, who have served the Board for thirteen (13) years and fifteen (15) years respectively, remain objective and independent in expressing their views and in participating deliberations and decision making of the Board and Board Committees. The Nomination Committee is of the view that there are significant advantages to be gained from the long-serving Directors who provide invaluable insight and possess in depth knowledge of the Group's affairs. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company predominantly determines the ability of a Director to serve effectively as independent director. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company.

In view of the above, based on the recommendation by the Nomination Committee, the Board supports the resolutions for the re-election/re-appointment of Independent Directors and the retention of YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim and Mr Cham Chean Fong @ Sian Chean Fong as Independent Non-Executive Directors of the Company, which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

Separation Of Positions Of The Chairman And Managing Director

To maintain effective supervision and accountability of the Board and the management, the position of the Chairman and Managing Director are held by separate persons to ensure a balance of power and authority. To further reinforce this separation, the Chairman of the Company is not someone who has previously served as the managing director of the Company. The Chairman plays a crucial leadership and pivotal role to ensure that the Board works effectively in the oversight of management whilst the Managing Director has overall responsibilities for the day-to-day management of the Group to ensure the Group's businesses are properly and efficiently managed and to implement Board policies and decisions.

Board's Composition And Balance

As at the date of this Statement, the Board has six (6) members, comprising an (1) Executive Director, who is also the Managing Director of the Company, a (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The Board is in compliance with the Listing Requirements of Bursa Securities which require at least one-third (1/3) of the total number of Directors to be independent.

The Board's members are drawn from various backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Board to provide a synergy of strength in charting the directions of the Group. The profile of the Directors as presented on pages 10 to 12 of this Annual Report demonstrates their range of qualifications and experience.

The Executive Director is responsible for implementing policies and decisions of the Board, overseeing operations and development of business and corporate strategies. The Independent Non-Executive Directors, with their expertise and experience provide the necessary balance of power and authority to the Board. They do not participate in the day-to-day management of the Company and do not engage in any business dealings or other relationship with the Company in order that they are capable of exercising independent judgement and act in the best interest of the Company and its shareholders. YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim is the Senior Independent Non-Executive Director.

The Board is satisfied that the current composition is broadly balanced and considers its current size adequate given the present scope and nature of the Group's business operations.

4. FOSTER COMMITMENT

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by all the directors observing the restriction on the number of directorships as set out in the Listing Requirements of Bursa Securities by not holding more than five (5) directorships in listed issuers and the attendance record of Directors at Board meetings as set out below.

Board Meetings

The Board meets regularly on a quarterly basis with additional meetings convened if there are urgent issues or matters that require attention and expeditious direction from the Board. The Board meetings have a formal agenda on matters for discussion with adequate time allocated for deliberation and the Chairman of the Board chairs the meetings with proper record of minutes kept by the Secretary. The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meetings.

During the financial year ended 31 July 2016, the Board met four (4) times and record of attendance of the meetings is set out below:-

	Number of Meetings Attended / Total Number of Meetings Held	Percentage (%) of Attendance
Executive Director		
Lim Peng Jin	4/4	100
Non-Executive Directors		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	4/4	100
Lim Peng Cheong	4/4	100
Cham Chean Fong @ Sian Chean Fong	4/4	100
Teow Her Kok @ Chang Choo Chau	4/4	100
Ang Kim Swee	4/4	100

Notes:-
The meetings were held on 29 September 2015, 17 December 2015, 22 March 2016 and 1 June 2016.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Board is mindful that the Directors should continuously update their skills and knowledge to maximise their effectiveness during their tenure and all Directors are required to evaluate their own training needs on a continuous basis and determine the relevant programmes, seminars, workshop or conference to update and improve their skills and knowledge to keep abreast with the regulatory requirements and business development. The Directors discussed on the training needs and programmes, and a budgeted amount has been set aside for all the Directors to attend training courses which are relevant and may assist the Directors in discharging their responsibilities. In addition, the Board is notified of a series of training programmes or workshop conducted by Bursa Securities and Bursatra Sdn Bhd for its consideration of participation and the Board receives updates of the new statutory and regulatory requirements from time to time. The external auditors also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review and any other changes in regulatory environment such as the amendments to the Listing Requirements of Bursa Securities.

During the financial year, the Directors had attended various training programmes, seminars and forums, details of which are set out below:-

Directors	Title of Training Programmes/ Seminars/Forums
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	- Directors Corporate Governance Series: Building Effective Finance Function: From Reporting To Analytics To Strategic Input - Board Chairman Series Part 2: Leadership Excellence From The Chair - CG Breakfast Series With Directors: Future Of Auditor Reporting – The Game Changer For Boardroom - Modern Financial Systems And The Role Of Central Banks - The New And Revised Auditor Reporting Standards: Implications To Financial Institutions - Bank Negara Malaysia Annual Report 2015/ Financial Stability And Payments Systems Report 2015 Briefing Session - BNM Governor's Address On The Malaysian Economy & Panel Discussion
Lim Peng Jin	- Economic Outlook And Trends For 2015 & Beyond - Scenario Planning - Lean Manufacturing In Some Malaysia Companies - Green Box – In Addition To Will & Trust, What Other Important Steps/Precaution You Need To Take Care - Perception Of Reality/8 Roles Of Effective CEOs
Lim Peng Cheong	- Industry Analysis – Plantation/Property/ Construction Industry - Capital Market Director Programme
Cham Chean Fong @ Sian Chean Fong	- The Inside Story Of The Annual Report: What Directors Must Know
Teow Her Kok @ Chang Choo Chau	- Sustainability Symposium - Cooking The Books – The Malaysian Recipe On Financial Fraud
Ang Kim Swee	- Premier Business Management Program - Corporate Governance Breakfast Series With Directors: "The Board's Response In Light Of Rising Shareholder Engagements" - CG Breakfast Series With Directors: Future Of Auditor Reporting – The Game Changer For Boardroom - CG Breakfast Series With Directors: Improving Board Risk Oversight Effectiveness - MIA – Audit Committee Conference 2016 - Sustainability Engagement Series For Directors/ Chief Executive Officers

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

In presenting the annual audited financial statements and quarterly results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects. The Audit Committee reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

The Audit Committee and the Board are required, amongst others, to ensure that the financial statements prepared are drawn up in accordance with the applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company and the Group.

Directors' Responsibility Statement

Paragraph 15.26(a) of the Listing Requirements of Bursa Securities requires a statement explaining the Board's responsibility for preparing the financial statements.

The Directors are responsible for the preparation of financial statements for each financial year to give a true and fair view of the financial position of the Group and the Company and of the financial performance and cash flows of the Group and the Company for the financial year then ended.

In the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the Companies Act, 1965, applicable approved accounting standards in Malaysia and Listing Requirements of Bursa Securities.

Relationship With Auditors

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's auditors through the Audit Committee. Whenever the need arises, the auditors would highlight to the Audit Committee and the Board, matters especially those pertaining to the areas of risk management and internal controls that would require their attention and response. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 43 and 44 of this Annual report.

Suitability And Independence Of External Auditors

The Audit Committee had reviewed the suitability and independency of the external auditors and the external auditors have confirmed their independence to the Board for the current financial year under review. The annual assessment of external auditors is described in the Audit Committee Report of this Annual Report. Pursuant to the assessment, the Audit Committee and the Board recommended the re-appointment of Messrs Deloitte, who shall retire at the forthcoming AGM of the Company, as Auditors of the Company for the financial year ending 31 July 2017.

6. RECOGNISE AND MANAGE RISKS

Internal Control And Risk Management

The Board recognises the importance of risk management both at the strategic and operational levels. In addition, the Board acknowledges its responsibilities in ensuring a sound system of risk management and internal control covering the financial, operational and compliance aspects of the business.

Information on the Group's risk management and internal control system is presented in the Statement on Risk Management and Internal Control set out on pages 41 and 42 of this Annual Report.

Internal Audit Function

The Group has established an internal audit department, which is led by a head of internal audit who reports to the Audit Committee.

Details of the Group's internal audit function are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report in the appropriate section of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance of transparency and accountability to its shareholders and maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

(i) the annual report, which contains the financial and operational review of the Group's business, corporate information, financial statements and information on Board Committees and the Board;

(ii) various corporate announcements made to the Bursa Securities, which include timely released announcements on quarterly financial results of the Group;

(iii) the Company's website, www.scientex.com.my, provides a channel of communication and information dissemination. Under the section of "Investor", shareholders or potential investors can download the necessary information, amongst others, annual reports, quarterly financial results, announcements and circulars to shareholders, analyst reports, investor presentations, press releases and request for information; and

(iv) continuous stream of active dialogues, discussions or briefings with the press, fund managers and analysts through planned programme of investor relations activities.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders Participation At General Meetings

The general meetings serve as an important channel for shareholders' communication. Notice of the general meetings are sent to shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days prior to the meeting where any special resolution is to be proposed or where it is an AGM, together with the annual report. The Board ensures all relevant information is disclosed to the shareholders to enable them to exercise their rights and hence, each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

Poll Voting

In line with the recent amendments to the Listing Requirements of Bursa Securities, the Board will implement poll voting for all the resolutions set out in the notice of general meetings. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the general meetings. The outcome of the general meetings is to be announced to the Bursa Securities on the same day after the meetings are concluded and the announcement is made accessible via the Bursa Securities and the Company's website.

Statement On Corporate Governance

Effective Communication And Proactive Engagement

At general meetings, shareholders are given opportunity and time to express their views or raise questions in connection with the Company's financial performance, business operations, corporate governance, corporate proposals and other matters affecting shareholders' interests. The Directors and senior management as well as the auditors and advisers of the Company are present in person at the general meetings and to respond to any questions raised by the shareholders. A summary of the key matters discussed at the AGM will be published in the Company's website pursuant to the recent amendments to the Listing Requirements of Bursa Securities.

In addition, a press conference is held immediately following the conclusion of the general meetings where the Directors brief the press, and answer relevant questions on the Group's operations and financial performance.

To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated section in the Company's website to which shareholders and stakeholders can direct their queries or concerns.

This Statement on Corporate Governance was approved in accordance with the resolution of the Board on 24 October 2016.

Additional Compliance Information

1. Utilisation of Proceeds Raised from Corporate Proposal

During the financial year ended 31 July 2016, Scientex Quatari Sdn Bhd, a wholly-owned subsidiary of the Company, had established a Sukuk Murabahah Programme for the issuance of up to RM500.0 million in nominal value of Sukuk Murabahah. The details of the Sukuk Murabahah issued during the financial year and the utilisation of proceeds thereof are set out in Note 27(i) to the Audited Financial Statements of the Company for the financial year ended 31 July 2016.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 July 2016 is as follows:-

Name of Auditors	Audit Services	Fees (RM'000)	
		Company	Group
Deloitte	Audit for the financial year ended 31 July 2016	27	423
Total Audit Fees		27	423

Name of Auditors/ Affiliate Corporations	Non-Audit Services	Fees (RM'000)	
		Company	Group
Deloitte	Review of Statement on Risk Management and Internal Control	8	8
Deloitte & Touche	Advisory fee in relation to the acquisition of Scientex Great Wall (Ipoh) Sdn Bhd	-	110
Deloitte & Touche	Review of transfer pricing documentation report	-	41
Deloitte (Singapore)	Review of transfer pricing documentation report	-	54
Deloitte (Indonesia)	Review of transfer pricing documentation report	-	112
Total Non-Audit Fees		8	325

3. Material Contracts

There were no material contracts entered into by or subsisting between the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 July 2016.

4. Scientex Berhad Share Grant Plan

Under the Scientex Berhad Share Grant Plan ("SGP") which is the only share issuance scheme of the Company in the financial year 2016, the Company granted and vested 472,000 new ordinary shares of RM0.50 each to the eligible employees of the Company and its subsidiaries during the financial year ended 31 July 2016. Further information of the SGP is set out in the Report of the Directors and Note 25(b) to the Audited Financial Statements of the Company for the financial year ended 31 July 2016.

Details of the number of new ordinary shares of RM0.50 each ("Shares") granted, vested and outstanding pursuant to the SGP since the commencement of the SGP on 21 January 2014 and during the financial years 2015 and 2016 are set out below:-

For the financial year ended 31 July 2015	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	357,000	-	40,800	316,200
Number of Shares Vested	357,000	-	40,800	316,200
Number of Shares Outstanding	-	-	-	-

Additional Compliance Information

For the financial year ended 31 July 2016	Total	Directors / Chief Executive	Senior Management	Other Eligible Employees
Number of Shares Granted	472,000	-	48,000	424,000
Number of Shares Vested	472,000	-	48,000	424,000
Number of Shares Outstanding	-	-	-	-

Based on the By-Laws of the SGP, the total number of Shares that may be awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee, subject to the following:-

i) The total number of Shares which may be awarded to the selected eligible employees under the SGP shall not exceed in aggregate 5% of the total issued and paid-up share capital of the Company (excluding treasury shares) at any point of time during the duration of the SGP.

ii) The allocation to an eligible employee, who either singly or collectively, through persons connected with the eligible employee, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), must not exceed 10% of the total number of Shares to be issued under the SGP; and

iii) Not more than 50% of the Shares to be issued under the SGP shall be allocated to the eligible employees who are in senior management of the Group.

As at 31 July 2016, 10.17% and 10.71% of the SGP Shares have been granted and vested to the senior management during the financial year 2016 and since the commencement of the SGP respectively. None of the Shares were granted or vested to the Directors of the Company under the SGP.

Financial Statements

Report Of The Directors

The directors of **SCIENTEX BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries, joint venture and associate are as disclosed in Notes 15, 17 and 18 respectively to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year other than those stated in Note 15 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	**The Company RM'000**
Profit for the year	246,567	49,374
Profit attributable to:		
Owners of the Company	240,865	49,374
Non-controlling interests	5,702	-
	246,567	49,374

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Dividends paid and declared since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 July 2015:	
Single tier interim dividend of 18% (9 sen per ordinary share) declared on 29 June 2015 and paid on 7 August 2015	20,327
Single tier final dividend of 26% (13 sen per ordinary share) declared on 17 December 2015 and paid on 25 January 2016	29,423
	49,750
In respect of the financial year ended 31 July 2016:	
Single tier interim dividend of 24% (12 sen per ordinary share) declared on 1 June 2016 and paid on 5 August 2016	27,600
	77,350

The directors had on 26 September 2016 proposed a single tier final dividend of 20% (10 sen per ordinary share) amounting to approximately RM46,000,000, in respect of the financial year ended 31 July 2016. This dividend is proposed after the 1-for-1 bonus issue which was completed on 15 August 2016, resulting in the increase in issued and paid-up share capital of the Company from 230,000,000 ordinary shares of RM0.50 each to 460,000,000 ordinary shares of RM0.50 each. The proposed single tier final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liabilities in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2017.

RESERVES AND PROVISIONS

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

Continued

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from 230,000,000 to 230,472,000 by way of issuance of 472,000 ordinary shares of RM0.50 each, pursuant to the Scientex Berhad Share Grant Plan ("SGP"). The new ordinary shares issued rank pari-passu in all respects with the existing ordinary shares of the Company.

As of 31 July 2016, the total number of issued and paid-up share capital of the Company was 230,000,000 ordinary shares of RM0.50 each after the cancellation of 472,000 treasury shares of RM0.50 each during the financial year.

TREASURY SHARES

During the financial year, the Company:

(i) Repurchased 100 of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad at an average price (including transaction costs) of RM10.08 per share. The total consideration paid for the repurchase (including transaction costs) was RM1,008. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

(ii) Sold 3,669,062 treasury shares in the open market of Bursa Malaysia Securities Berhad at an average price of RM11.61 per share for a total consideration of approximately RM42,613,000 (including transaction costs). The cost of the treasury shares was at an average price of RM1.46 per share, amounting to approximately RM5,352,000. This resulted in an increase in the share premium and equity attributable to shareholders of the Company of approximately RM37,261,000 and RM42,613,000 respectively.

(iii) Cancelled 472,000 treasury shares of RM0.50 each. The cost of the treasury shares was at an average price of RM1.46 per share, amounting to approximately RM688,000. The cancellation resulted in a decrease in share premium of approximately RM688,000 and an increase in capital redemption reserve of approximately RM236,000.

As of 31 July 2016, the Company did not hold any treasury shares. Further relevant details are disclosed in Note 26(e) to the financial statements.

SHARE GRANT PLAN

The SGP is governed by the By-Laws which was approved by the shareholders on 17 December 2013 and is administered by the SGP Committee which is appointed by the Board of Directors, in accordance with the By-Laws. The SGP shall be in force for a period of 5 years from the effective date, 21 January 2014 to 20 January 2019, unless extended for up to another 5 years immediately upon the expiry of the first 5 years, but shall not in aggregate exceed the duration of 10 years from the effective date.

The salient features, terms and conditions, details and vesting conditions of the SGP are as disclosed in Note 25(b) to the financial statements.

During the financial year, the Company granted and vested 472,000 new ordinary shares of RM0.50 each to the eligible employees of the Company and its subsidiaries under the SGP. The closing share price as of the date of granting was RM7.70 per share.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted and vested less than 12,000 ordinary shares of RM0.50 each. The names of the employees who were granted and vested at least 12,000 ordinary shares of RM0.50 each during the financial year ended 31 July 2016 are as follows:

Name	Number of ordinary shares of RM0.50 each granted and vested under the SGP
Koay Teik Chuan	24,000
Choo Seng Hong	24,000
Gan Kok Khye	20,000
Khaw Giet Thye	20,000
Chang Siew Sian	20,000
Choo Chee Meng	16,000
Goh Tian Chin	12,000
Tan Hong Koon	12,000
Wong Poon Kheong	12,000
Lim Man Kwang	12,000
Yau Kuan Yee	12,000

Continued

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) 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; or

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

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

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

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

No contingent 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, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in Note 38 to the financial statements.

DIRECTORS

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

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim
Lim Peng Jin
Lim Peng Cheong
Cham Chean Fong @ Sian Chean Fong
Teow Her Kok @ Chang Choo Chau
Ang Kim Swee

Continued

DIRECTORS' INTERESTS

The shareholdings in the Company and in the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as at 1.8.2015	Bought	Sold	Balance as at 31.7.2016
Shares in the Company				
Direct interests				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	76,940	-	-	76,940
Lim Peng Jin	1,178,470	-	-	1,178,470
Lim Peng Cheong	107,300	7,000	-	114,300
Teow Her Kok @ Chang Choo Chau	220,000	-	(20,000)	200,000
Ang Kim Swee	10,000	20,000	-	30,000
Deemed/Indirect interests				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	100,000	-	-	100,000
Lim Peng Jin	132,354,159	3,191,499	(2,494,799)	133,050,859
Lim Peng Cheong	123,453,929	3,221,599	(455,599)	126,219,929

Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed to have interest in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year did not have any shares or beneficial interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 35 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

In addition to the significant events disclosed elsewhere in this report, other significant and subsequent events are disclosed in Note 15, Note 27 and Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,

LIM PENG JIN **LIM PENG CHEONG**

Shah Alam, Selangor Darul Ehsan
24 October 2016

Independent Auditors' Report

To The Members Of Scientex Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **SCIENTEX BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 July 2016 and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 62 to 127.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these 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 the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 that 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 year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

(b) we have considered the accounts and auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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 as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries 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 39 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Continued

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 towards any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

LAI CAN YIEW
Partner - 2179/11/16 (J)
Chartered Accountant

24 October 2016

Statements Of Profit Or Loss And Other Comprehensive Income

For the financial year ended 31 July 2016

	Note	The Group 2016 RM'000	2015 RM'000
Revenue	5	2,200,980	1,801,684
Cost of sales	6	(1,723,922)	(1,442,455)
Gross profit		477,058	359,229
Other income		3,090	14,982
Selling and distribution expenses		(53,108)	(42,891)
Administration expenses		(110,253)	(79,113)
Other expenses		(4,227)	(27,229)
Finance costs	7	(13,670)	(8,255)
Share of results of associate and joint venture		7,442	4,239
Profit before tax	8	306,332	220,962
Income tax expense	11	(59,765)	(58,866)
Profit for the year		246,567	162,096
Profit for the year attributable to:			
Owners of the Company		240,865	158,190
Non-controlling interests		5,702	3,906
		246,567	162,096
Earnings per share			
Basic and diluted (sen per share)	12	106	70

Statements Of Profit Or Loss And Other Comprehensive Income

For the financial year ended 31 July 2016 - continued

	Note	The Group 2016 RM'000	The Group 2015 RM'000
Profit for the year		246,567	162,096
Other comprehensive income, net of income tax:			
Item that will not be reclassified subsequently to profit or loss:			
Revaluation of land and buildings		-	36,533
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation of foreign operations		4,013	9,044
Other comprehensive income for the year, net of income tax		4,013	45,577
Total comprehensive income for the year, net of income tax		250,580	207,673
Total comprehensive income attributable to:			
Owners of the Company		243,966	201,672
Non-controlling interests		6,614	6,001
		250,580	207,673

Statements Of Profit Or Loss And Other Comprehensive Income

For the financial year ended 31 July 2016

	Note	The Company 2016 RM'000	The Company 2015 RM'000
Revenue	5	49,311	48,533
Other income		3,257	7,229
Administrative expenses		(2,834)	(12,950)
Finance costs	7	(488)	(22)
Profit before tax	8	49,246	42,790
Income tax credit/(expense)	11	128	(561)
Profit for the year		49,374	42,229
Other comprehensive income, net of income tax:			
Item that will not be reclassified subsequently to profit or loss:			
Revaluation of land and buildings		-	16,807
Other comprehensive income for the year, net of income tax		-	16,807
Total comprehensive income for the year, net of income tax		49,374	59,036

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Financial Position

As of 31 July 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	952,519	642,791
Investment properties	14	17,000	17,000
Land held for property development	16	447,034	268,616
Investment in joint venture	17	22,531	26,155
Investment in associate	18	26,135	15,369
Other investments	19	7,967	7,082
Deferred tax assets	29	2,651	2,086
Goodwill	20	12,134	-
		1,487,971	979,099
Current Assets			
Property development costs	16	174,718	136,499
Inventories	21	137,010	111,953
Trade receivables	22	315,889	265,887
Other receivables, deposits and prepaid expenses	23	33,218	55,328
Tax recoverable		1,694	483
Cash and cash equivalents	24	100,601	90,626
		763,130	660,776
TOTAL ASSETS		2,251,101	1,639,875
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	25	115,000	115,000
Reserves	26	1,060,167	826,978
Equity attributable to owners of the Company		1,175,167	941,978
Non-controlling interests		66,495	62,784
Total Equity		1,241,662	1,004,762
Non-Current Liabilities			
Borrowings	27	238,872	75,510
Retirement benefits obligations	28	23,782	18,508
Deferred tax liabilities	29	35,032	40,948
		297,686	134,966
Current liabilities			
Borrowings	27	232,736	149,921
Trade payables	30	315,746	252,518
Other payables and accrued expenses	31	115,626	55,741
Dividends payable		27,600	20,327
Tax liabilities		20,045	21,640
		711,753	500,147
Total Liabilities		1,009,439	635,113
TOTAL EQUITY AND LIABILITIES		2,251,101	1,639,875

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Financial Position

As of 31 July 2016 - continued

	Note	The Company 2016 RM'000	The Company 2015 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	45,630	46,753
Investment in subsidiaries	15	301,295	256,895
Investment in joint venture	17	22,500	22,500
Investment in associate	18	3,000	3,000
Other investments	19	4,685	4,883
		377,110	334,031
Current Assets			
Deposits and prepaid expenses	23	168	2,561
Tax recoverable		-	23
Cash and cash equivalents	24	7,885	2,614
		8,053	5,198
TOTAL ASSETS		385,163	339,229
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	25	115,000	115,000
Reserves	26	228,772	190,175
Total Equity		343,772	305,175
Non-Current Liabilities			
Retirement benefits obligations	28	7,181	7,181
Deferred tax liabilities	29	5,907	6,026
		13,088	13,207
Current Liabilities			
Other payables and accrued expenses	31	696	520
Dividends payable		27,600	20,327
Tax liabilities		7	-
		28,303	20,847
Total Liabilities		41,391	34,054
TOTAL EQUITY AND LIABILITIES		385,163	339,229

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Changes In Equity

For the financial year ended 31 July 2016

The Group	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Non-distributable reserves						→	Distributable reserve			
As at 1 August 2014	115,000	38,064	17,467	22,774	(1,533)	(12,896)	461	533,381	712,718	22,705	735,423
Profit for the year	-	-	-	-	-	-	-	158,190	158,190	3,906	162,096
Other comprehensive income for the year	-	-	-	36,367	7,115	-	-	-	43,482	2,095	45,577
Total comprehensive income for the year	-	-	-	36,367	7,115	-	-	158,190	201,672	6,001	207,673
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	43,014	43,014	35,986	79,000
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	-	-	938	938	(1,338)	(400)
Realisation of revaluation reserves	-	-	-	(3,342)	-	-	-	3,342	-	-	-
Sale of treasury shares [Note 26(e)]	-	24,472	-	-	-	6,338	-	-	30,810	-	30,810
Acquisition of treasury shares [Note 26(e)]	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Cancellation of treasury shares [Note 26(e)]	(179)	(521)	179	-	-	521	-	-	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	179	2,338	-	-	-	-	-	-	2,517	-	2,517
Dividends (Note 32)	-	-	-	-	-	-	-	(49,689)	(49,689)	(570)	(50,259)
As at 31 July 2015	115,000	64,353	17,646	55,799	5,582	(6,039)	461	689,176	941,978	62,784	1,004,762
As at 1 August 2015	115,000	64,353	17,646	55,799	5,582	(6,039)	461	689,176	941,978	62,784	1,004,762
Profit for the year	-	-	-	-	-	-	-	240,865	240,865	5,702	246,567
Other comprehensive income for the year	-	-	-	-	3,101	-	-	-	3,101	912	4,013
Total comprehensive income for the year	-	-	-	-	3,101	-	-	240,865	243,966	6,614	250,580
Sale of treasury shares [Note 26(e)]	-	37,261	-	-	-	5,352	-	-	42,613	-	42,613
Acquisition of treasury shares [Note 26(e)]	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Cancellation of treasury shares [Note 26(e)]	(236)	(688)	236	-	-	688	-	-	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	236	3,398	-	-	-	-	-	-	3,634	-	3,634
Dividends (Note 32)	-	-	-	-	-	-	-	(57,023)	(57,023)	(2,903)	(59,926)
As at 31 July 2016	115,000	104,324	17,882	55,799	8,683	-	461	873,018	1,175,167	66,495	1,241,662

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Changes In Equity

For the financial year ended 31 July 2016

	← Non-distributable reserves →						Distributable reserve	
The Company	**Share capital RM'000**	**Share premium RM'000**	**Capital redemption reserve RM'000**	**Property revaluation surplus RM'000**	**Other reserves RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
As at 1 August 2014	115,000	38,064	3,967	3,211	68	(12,896)	115,089	262,503
Profit for the year	-	-	-	-	-	-	42,229	42,229
Other comprehensive income for the year	-	-	-	16,807	-	-	-	16,807
Total comprehensive income for the year	-	-	-	16,807	-	-	42,229	59,036
Sale of treasury shares [Note 26(e)]	-	24,472	-	-	-	6,338	-	30,810
Acquisition of treasury shares [Note 26(e)]	-	-	-	-	-	(2)	-	(2)
Cancellation of treasury shares [Note 26(e)]	(179)	(521)	179	-	-	521	-	-
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	179	2,338	-	-	-	-	-	2,517
Dividends (Note 32)	-	-	-	-	-	-	(49,689)	(49,689)
As at 31 July 2015	115,000	64,353	4,146	20,018	68	(6,039)	107,629	305,175
As at 1 August 2015	115,000	64,353	4,146	20,018	68	(6,039)	107,629	305,175
Profit for the year/Total comprehensive income for the year	-	-	-	-	-	-	49,374	49,374
Sale of treasury shares [Note 26(e)]	-	37,261	-	-	-	5,352	-	42,613
Acquisition of treasury shares [Note 26(e)]	-	-	-	-	-	(1)	-	(1)
Cancellation of treasury shares [Note 26(e)]	(236)	(688)	236	-	-	688	-	-
Issuance of ordinary shares pursuant to Share Grant Plan [Note 25(b)]	236	3,398	-	-	-	-	-	3,634
Dividends (Note 32)	-	-	-	-	-	-	(57,023)	(57,023)
As at 31 July 2016	115,000	104,324	4,382	20,018	68	-	99,980	343,772

The accompanying Notes form an integral part of the Financial Statements.

Statements Of Cash Flows

For the financial year ended 31 July 2016

	The Group	
	2016 RM'000	**2015 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	306,332	220,962
Adjustments for:		
Depreciation of:		
Property, plant and equipment	54,539	43,764
Investment properties	-	71
Finance costs	13,670	8,255
Increase in liability for defined benefit plan	3,961	2,565
Property, plant and equipment written off	2,952	434
Unrealised loss on foreign exchange	1,934	8,427
Allowance for doubtful debts on trade receivables	566	325
Write off/(Write back) of inventories	273	(380)
Write off of other investment	198	-
Bad debts written off	167	30
Share of results of associate and joint venture	(7,442)	(4,239)
Interest income	(1,923)	(1,720)
Dividend income	(253)	(103)
(Gain)/Loss on disposal of property, plant and equipment	(82)	3,594
Allowance for doubtful debts no longer required on trade receivables	(34)	(65)
Fair value gain on investment properties	-	(12,592)
Operating Profits Before Working Capital Changes	374,858	269,328
Movement in working capital:		
Increase/(Decrease) in:		
Inventories	(6,740)	(2,575)
Property development costs	28,027	(40,096)
Receivables	(34,903)	(45,818)
Increase in payables	84,462	56,355
Cash Generated From Operations	445,704	237,194
Income tax paid	(65,362)	(45,379)
Income tax refunded	334	1,354
Retirement benefits obligations paid	(373)	(1,400)
Net Cash From Operating Activities	380,303	191,769

Continued

	The Group	
	2016 RM'000	**2015 RM'000**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	1,923	1,720
Proceeds from disposal of property, plant and equipment	604	13,271
Dividend income received	552	283
Proceeds arising from dilution of interest in an existing subsidiary	-	79,000
Purchase of property, plant and equipment (Note 13)	(281,440)	(100,007)
Purchase of land held for development	(221,934)	(21,897)
Acquisition of subsidiary, net of cash and cash equivalents acquired (Note 15)	(53,592)	-
Deposit paid for purchase of plant and equipment	(5,623)	(9,079)
Purchase of other investments	(1,050)	(1,990)
Purchase of additional interest in an existing subsidiary	-	(400)
Net Cash Used In Investing Activities	(560,560)	(39,099)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Net drawdown of Sukuk Murabahah	100,000	-
Proceeds/(Repayment) from short-term borrowings	59,658	(113,279)
Net drawdown/(repayment) of term loans	57,977	(7,460)
Proceeds from sale of treasury shares	42,613	30,810
Dividends paid to:		
Shareholders of the Company	(49,750)	(47,054)
Non-controlling shareholders of subsidiaries	(2,903)	(570)
Finance costs paid	(17,362)	(8,255)
Acquisition of treasury shares	(1)	(2)
Net Cash From/(Used in) Financing Activities	190,232	(145,810)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,975	6,860
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	90,626	83,766
CASH AND CASH EQUIVALENTS AT END OF YEAR (REPRESENTING CASH AND BANK BALANCES) (NOTE 24)	100,601	90,626

Statements Of Cash Flows

For the financial year ended 31 July 2016

	The Company	
	2016 RM'000	**2015 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	49,246	42,790
Adjustments for:		
Depreciation of property, plant and equipment	1,123	731
Finance costs	488	22
Write off of other investment	198	-
Impairment loss on investment in a subsidiary	-	37,798
Increase in liability for defined benefit plan	-	412
Dividend income	(49,191)	(33,637)
Waiver of debts	(2,557)	(44,685)
Interest income	(701)	(82)
Gain on disposal of investment in a subsidiary	-	(74)
Gain on disposal of property, plant and equipment	-	(70)
Operating (Losses)/Profits Before Working Capital Changes	(1,394)	3,205
Movement in working capital:		
Decrease in receivables	8,584	33,248
Increase in payables	176	2,643
Cash Generated From Operations	7,366	39,096
Income tax paid	(53)	(521)
Income tax refunded	92	-
Net Cash From Operating Activities	7,405	38,575
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividend income received	49,191	33,637
Interest received	701	82
Proceeds from disposal of investment in a subsidiary	-	1,675
Proceeds from disposal of property, plant and equipment	-	70
Additional investment in existing subsidiaries	(44,400)	(71,568)
Purchase of property, plant and equipment	-	(1,046)
Net Cash From/(Used in) Investing Activities	5,492	(37,150)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from sale of treasury shares	42,613	30,810
Dividends paid	(49,750)	(47,054)
Finance costs paid	(488)	(22)
Acquisition of treasury shares	(1)	(2)
Net Cash Used In Financing Activities	(7,626)	(16,268)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,271	(14,843)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,614	17,457
CASH AND CASH EQUIVALENTS AT END OF YEAR (REPRESENTING CASH AND BANK BALANCES) (NOTE 24)	7,885	2,614

The accompanying Notes form an integral part of the Financial Statements.

Notes To The Financial Statements

For the financial year ended 31 July 2016

1. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries, joint venture and associate are as disclosed in Notes 15, 17 and 18.

There have been no significant changes in the nature of the principal activities during the financial year, other than those stated in Note 15.

The Company's registered office and principal place of business are located at Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 24 October 2016.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Malaysian Financial Reporting Standards Framework

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and ventures were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2014, the transitional period for TEs has been extended for an additional year.

On 8 September 2015, the MASB announced that Entities other than Private Entities (non-private entities) and Private Entities that have in the alternative chosen to apply the FRS Framework shall comply with the MFRS Framework for annual periods beginning on or after 1 January 2018.

The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements on 31 July 2019.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the relevant new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 9	Financial Instruments[2]
FRS 14	Regulatory Deferral Accounts[1]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception[1]
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to FRS 101	Disclosure Initiative[1]
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[3]
Amendments to FRS 116 and FRS 138	Classification of Acceptable Methods of Depreciation and Amortisation[1]

Continued

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Standards and Interpretations in issue but not yet effective (cont'd)

Amendments to FRS 127 Equity Method in Separate Financial Statements[1]
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2012 - 2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective date deferred to a date to be determined and announced, with earlier application still applicable

The directors anticipate that the relevant Standards and Amendments will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of the relevant Standards and Amendments will have no material impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the historical cost basis except as disclosed in the significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transaction that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value-in-use in FRS 13. In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interests were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date - and is subject to a maximum of one year.

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Associate and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that are not related to the Group.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of management and technical services is recognised in profit or loss upon performance of services by reference to the contracts entered into.

Property development

Revenue from property development projects is accounted for using the percentage of completion method where the outcome of the development activity can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the financial year. The percentage/stage of completion is determined by the surveys of physical work performed of the property development work.

Revenue from sale of completed properties is recognised upon the finalisation of sale and purchase agreements by the end of the financial year and when the risks and rewards of ownership have passed to the customers.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income is recognised on a straight line basis over the tenure of the rental period of properties.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leasing (cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at 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 are recognised in profit or loss in the period in which they arise except for:

(a) exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gain and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income;

(b) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(c) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(d) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or joint venture not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing Costs

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

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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing Costs (cont'd)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee Benefits

Short-Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

Post-Employment Benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the countries in which they operate. These benefit plans are either defined contribution or defined benefit plans.

(a) Defined Contribution Plans

The Group and the Company make statutory contributions to approved provident funds and the contributions are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined Benefit Plan

The Group and the Company operate an unfunded final salary defined benefit plan covering eligible employees. The retirement benefit accounting cost is assessed using the Projected Unit Credit Method, with actuarial valuation being carried out every five years. The latest actuarial valuation was undertaken in August 2014.

The retirement benefit obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

The Group adopts the option offered by the Amendments to FRS 119, *Employee Benefits*, to recognise through other comprehensive income all actuarial gains and losses.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Deferred Tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group have reviewed the Group's investment property portfolio and concluded that none of the Group's investment property is held under a business model whose objectives is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to FRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment property based on the expected rate that would apply on disposal of the investment property.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Impairment of Non-financial Assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or its cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost except for freehold land and buildings. Cost includes expenditure that is directly attributable to the acquisition of the asset. Freehold 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 to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the cost will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation period and rates are as follows:

Long-term leasehold land	42 to 99 years
Buildings	2% - 7%
Staff quarters and apartment	2%
Plants and machinery, tools and equipment	5% - 20%
Office equipment, furniture and fittings	5% - 33%
Motor vehicles	20% - 25%

Freehold land is not depreciated. Capital work-in-progress represents factory buildings and machineries under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

The residual values, useful lives and depreciation method are reviewed at each financial year 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.

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Land held for property development and property development cost

Land and development expenditure are classified as property development costs under current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property development revenue is recognised for property development projects sold using the percentage of completion method, by reference to the stage of completion of the project development projects at the end of the reporting period as determined by the surveys of physical work performed of the property development work.

When the outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that are probable of recovery.

Any anticipated loss on property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately as foreseeable losses.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Land held for property development and property development cost (cont'd)

Accrued billings represent the excess of property development revenue recognised in profit or loss over the billings to purchasers while progress billings represent the excess of billings to purchasers over property development revenue recognised in profit or loss.

Land held for development and costs attributable to the development activities which are held for future development where no significant development has been undertaken is stated at cost less impairment losses (if any). Such assets are transferred to property development activities when significant development has been undertaken and the development is expected to be completed within the normal operating cycle.

Investment Properties

Investment properties carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in other comprehensive income and accumulated in equity as revaluation reserve. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's and the Company's investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Unsold completed property units: cost of construction materials and raw materials comprises costs of purchase and other direct charges. The cost of completed properties, determined on specific identification basis, comprise cost of land, construction and appropriate development expenditure.

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.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment Reporting

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

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Financial Instruments

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

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) Financial Assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 range from 14 to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(ii) Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Continued

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(ii) Financial Liabilities and Equity Instruments (cont'd)

Other financial liabilities (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(iii) Derivative Financial Instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate, interest rate and commodity price risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, term deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value, against which bank overdrafts, if any, are deducted.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amount recognised in the financial statements.

Continued

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 amount of assets and liabilities of the Group and of the Company within the next financial year is discussed below.

Depreciation of Property, Plant and Equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Allowance for Impairment Losses of Trade Receivables

The policy for allowance for impairment losses of trade receivables of the Group is based on the evaluation of collectability and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the customer. If the financial condition of the customer were to deteriorate, resulting in an impairment of its ability to make payments, additional allowance may be required.

Property Development Projects

The stage of completion is determined by the surveys of physical work performed of the property development work. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Significant judgement is required in determining the stage of completion, the extent of the property development projects incurred, the estimated total property development revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a project is completed, but would recognise a loss as soon as the loss becomes evident.

Adjustments based on the percentage-of-completion method are reflected in property development revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

Fair Value of Land and Buildings and Investment Property

The directors use their judgement in selecting and applying an appropriate valuation technique, by relying on the work of independent firm of valuers, for land and buildings and investment property stated at fair value. Fair value is determined using open-market value based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Impairment of Goodwill

The determination of the recoverable amount of the cash generating unit ("CGU") assessed in the annual goodwill impairment test requires an estimate of the fair value net of disposal costs and the value-in-use. The assessment of the value-in-use requires assumptions to be made with respect of the operating cash flows of the CGU as well as the discount rate.

Evaluation for impairment is significantly impacted by estimates of future prices for the products, the evolution of expenses, economic trends in the local and international sectors, expectations of long-term development of growing markets and other factors. The results of such evaluation are also impacted by the discount rates and perpetual growth rate used.

The carrying amount of the goodwill at the end of the reporting period is disclosed in Note 20.

Continued

5. REVENUE

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of goods	1,549,458	1,285,958	-	-
Sale of properties	650,568	514,941	-	-
Rental income	581	562	-	4
Management fees from associate	120	120	120	120
Gross dividends from:				
Subsidiaries	-	-	48,638	33,354
Associate	-	-	300	180
Unquoted shares outside Malaysia	253	103	253	103
Project management income from subsidiaries	-	-	-	14,772
	2,200,980	1,801,684	49,311	48,533

6. COST OF SALES

	The Group	
	2016 RM'000	**2015 RM'000**
Cost of inventories sold	1,326,743	1,144,470
Property development costs [Note 16(b)]	397,179	297,985
	1,723,922	1,442,455

7. FINANCE COSTS

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Interest expenses on:				
Term loans	7,244	3,609	-	-
Revolving credits	3,596	2,143	488	22
Sukuk Murabahah	3,692	-	-	-
Bankers acceptances	2,671	1,451	-	-
Onshore foreign currency loans	120	992	-	-
Trust receipts	39	60	-	-
	17,362	8,255	488	22
Less: Amount capitalised in land held for property development (Note 16)	(3,692)	-	-	-
Total finance costs	13,670	8,255	488	22

Continued

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (Note 9)	149,492	97,786	-	4,635
Depreciation of:				
Property, plant and equipment (Note 13)	54,539	43,764	1,123	731
Investment properties (Note 14)	-	71	-	-
Directors' remuneration (Note 10)	11,019	12,139	2,033	5,181
Property, plant and equipment written off	2,952	434	-	-
Realised loss/(gain) on foreign exchange	2,293	18,802	-	(117)
Unrealised loss on foreign exchange	1,934	8,427	-	-
Rental of:				
Machinery, equipment and motor vehicles	1,029	722	-	-
Land and buildings	873	580	-	-
Allowance for doubtful debts on trade receivables (Note 22)	566	325	-	-
Auditors' remuneration:				
Statutory audit	447	404	27	27
Other services	325	51	8	8
Write off/(Write back) of inventories	273	(380)	-	-
Write off of other investment	198	-	198	-
Bad debts written off	167	30	-	-
Impairment of investment (Note 15)	-	-	-	37,798
Rental income	(2,549)	(2,507)	-	-
Interest income	(1,923)	(1,720)	(701)	(82)
(Gain)/Loss on disposal of property, plant and equipment	(82)	3,594	-	(70)
Allowance for doubtful debts no longer required (Note 22)	(34)	(65)	-	-
Fair value gain on investment properties	-	(12,592)	-	-
Waiver of debts	-	-	(2,557)	(44,685)
Gain on disposal of investment in a subsidiary	-	-	-	(74)

9. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and other emoluments	133,912	86,693	-	2,341
Contributions to defined contribution plan	6,821	5,177	-	470
Share grant plan [Note 25(b)]	3,634	2,517	-	1,390
Increase in liability for defined benefit plan (Note 28)	3,961	2,565	-	412
Social security contributions	1,164	834	-	22
	149,492	97,786	-	4,635

Continued

10. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company, during the financial year are as follows:

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Directors of the Company				
Executive:				
Salaries and other emoluments	9,075	10,393	1,460	4,465
Fees	50	38	50	38
Defined contribution plan	1,634	1,562	263	532
	10,759	11,993	1,773	5,035
Non-executive:				
Fees	260	146	260	146
	11,019	12,139	2,033	5,181

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Number of directors	
	2016	**2015**
Executive directors:		
RM1,700,001 - RM1,750,000	-	1
RM10,250,001 - RM10,300,000	-	1
RM10,750,001 - RM10,800,000	1	-
Non-executive directors:		
RM50,000 and below	4	7
RM50,001 – RM100,000	1	-

11. INCOME TAX (CREDIT)/ EXPENSE

11.1 Income Tax Recognised in Profit or Loss

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Income tax (credit)/expense:				
Malaysian income tax	55,780	43,980	32	284
Foreign tax	4,960	2,315	-	-
Under/(Over)provision in prior years	1,643	993	(41)	277
	62,383	47,288	(9)	561
Real property gains tax	-	1,554	-	-
	62,383	48,842	(9)	561
Deferred tax (Note 29):				
Current year	(5,105)	10,064	(119)	272
Under/(Over)provision in prior years	2,487	(40)	-	(272)
	(2,618)	10,024	(119)	-
	59,765	58,866	(128)	561

Continued

11. INCOME TAX (CREDIT)/ EXPENSE (CONT'D)

11.1 Income Tax Recognised in Profit or Loss (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The below reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Finance (No. 2) Act 2014 has gazetted the Income Tax Act 1967 to reduce the Malaysian corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The real property gains tax ("RPGT") was also revised to 30% for disposal within the first three years, 20% within the fourth year, 15% within the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective 1 January 2014. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the respective rates.

A reconciliation of income tax (credit)/expense applicable to profit before tax at the statutory income tax to income tax (credit)/expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	306,332	220,962	49,246	42,790
Tax at statutory tax rate of 24% (2015: 25%)	73,520	55,240	11,819	10,697
Tax effects of:				
Non-taxable income	(200)	(5,169)	(12,464)	(10,174)
Different tax rates in other countries	(2,866)	(569)	-	-
Share of results of associate and joint venture	(1,786)	(1,060)	-	-
Non-deductible expenses	6,760	2,518	558	33
Utilisation of reinvestment allowances	(19,025)	(7,154)	-	-
Utilisation of capital allowances, reinvestment allowances and other deductible temporary differences previously not recognised	(959)	(4,838)	-	-
Deferred tax assets not recognised	191	17,391	-	-
Real property gains tax	-	1,554	-	-
Under/(Over)provision in prior years:				
Income tax	1,643	993	(41)	277
Deferred tax	2,487	(40)	-	(272)
	59,765	58,866	(128)	561

11.2 Income Tax Recognised in Other Comprehensive Income

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax:				
Arising on income and expenses recognised in other comprehensive income:				
Revaluation of property, plant and equipment	-	11,461	-	5,308

Continued

12. EARNINGS PER ORDINARY SHARE

Basic earnings per share

The calculation of basic earnings per share ("EPS") is based on the consolidated profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year as follows:

	The Group	
	2016 RM'000	**2015 RM'000**
Profit attributable to owners of the Company	240,865	158,190

	The Group	
	2016 Units'000	**2015 Units'000**
Weighted average number of ordinary shares in issue	227,491	224,615

	The Group	
	2016	**2015**
Basic EPS (sen)	106	70

Diluted earnings per share

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

Continued

13. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Plants and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/Cost									
As of 1 August 2014	111,495	53,052	130,271	1,454	656,223	31,438	9,728	4,409	998,070
Additions	-	-	1,311	-	59,070	1,973	3,009	34,644	100,007
Disposals	-	(3,429)	(6,308)	-	(39,635)	(120)	(3,157)	-	(52,649)
Written off	-	-	-	-	(13,973)	(2,260)	-	-	(16,233)
Reclassification	-	-	3,842	-	567	-	-	(4,409)	-
Revaluation	286	41,553	6,155	-	-	-	-	-	47,994
Elimination of accumulated depreciation on revaluation	-	(5,921)	(28,801)	-	(613)	-	-	-	(35,335)
Exchange differences	-	806	1,624	-	5,261	43	92	-	7,826
As of 31 July 2015	111,781	86,061	108,094	1,454	666,900	31,074	9,672	34,644	1,049,680
Accumulated depreciation									
As of 1 August 2014	-	7,100	31,167	258	374,859	25,083	7,503	-	445,970
Charge for the year	-	638	2,726	29	37,528	1,800	1,043	-	43,764
Disposals	-	(883)	(2,809)	-	(29,376)	(87)	(2,629)	-	(35,784)
Written off	-	-	-	-	(13,556)	(2,243)	-	-	(15,799)
Elimination of accumulated depreciation on revaluation	-	(5,921)	(28,801)	-	(613)	-	-	-	(35,335)
Exchange differences	-	244	513	-	3,239	36	41	-	4,073
As of 31 July 2015	-	1,178	2,796	287	372,081	24,589	5,958	-	406,889

Continued

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

The Group	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Plants and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/Cost									
As of 1 August 2015	111,781	86,061	108,094	1,454	666,900	31,074	9,672	34,644	1,049,680
Additions	-	-	54,560	-	105,755	2,651	946	152,803	316,715
Disposals	-	-	-	-	(417)	(71)	(1,228)	-	(1,716)
Written off	-	-	(317)	-	(5,471)	(753)	-	-	(6,541)
Reclassification	-	-	-	-	1,392	-	-	(1,392)	-
Acquisition of subsidiary	3,000	3,187	12,339	-	117,345	4,292	1,663	2,547	144,373
Exchange differences	-	294	646	-	2,427	20	29	-	3,416
As of 31 July 2016	114,781	89,542	175,322	1,454	887,931	37,213	11,082	188,602	1,505,927
Accumulated depreciation									
As of 1 August 2015	-	1,178	2,796	287	372,081	24,589	5,958	-	406,889
Charge for the year	-	1,149	3,728	19	46,230	2,205	1,208	-	54,539
Disposals	-	-	-	-	(107)	(71)	(1,016)	-	(1,194)
Written off	-	-	(48)	-	(3,356)	(185)	-	-	(3,589)
Acquisition of subsidiary	-	-	110	-	89,987	3,869	1,261	-	95,227
Exchange differences	-	81	128	-	1,295	17	15	-	1,536
As of 31 July 2016	-	2,408	6,714	306	506,130	30,424	7,426	-	553,408
Net book value									
As of 31 July 2016	114,781	87,134	168,608	1,148	381,801	6,789	3,656	188,602	952,519
As of 31 July 2015	111,781	84,883	105,298	1,167	294,819	6,485	3,714	34,644	642,791

Continued

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

The Company	Long-term leasehold land RM'000	Buildings RM'000	Staff quarters and apartment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Valuation/Cost						
As of 1 August 2014	16,558	11,019	481	2,782	1,046	31,886
Additions	-	-	-	40	1,006	1,046
Disposals	-	-	-	-	(1,039)	(1,039)
Revaluation	17,654	4,461	-	-	-	22,115
Elimination of accumulated depreciation on revaluation	(2,212)	(2,480)	-	-	-	(4,692)
As of 31 July 2015	32,000	13,000	481	2,822	1,013	49,316
Accumulated depreciation						
As of 1 August 2014	2,029	2,259	126	2,106	1,043	7,563
Charge for the year	183	221	10	182	135	731
Disposals	-	-	-	-	(1,039)	(1,039)
Elimination of accumulated depreciation on revaluation	(2,212)	(2,480)	-	-	-	(4,692)
As of 31 July 2015	-	-	136	2,288	139	2,563
Valuation/Cost						
As of 1 August 2015	32,000	13,000	481	2,822	1,013	49,316
Written off	-	-	-	(7)	-	(7)
As of 31 July 2016	32,000	13,000	481	2,815	1,013	49,309
Accumulated depreciation						
As of 1 August 2015	-	-	136	2,288	139	2,563
Charge for the year	390	361	10	160	202	1,123
Written off	-	-	-	(7)	-	(7)
As of 31 July 2016	390	361	146	2,441	341	3,679
Net book value						
As of 31 July 2016	31,610	12,639	335	374	672	45,630
As of 31 July 2015	32,000	13,000	345	534	874	46,753

Continued

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

Note

(i) The freehold land and buildings of the Group with carrying value of RM127,108,000 (2015: RM128,486,000) have been charged as securities for borrowings (Note 27).

(ii) If the revalued land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Freehold land	111,423	111,423	-	-
Leasehold land	27,238	27,517	4,412	4,594
Buildings	86,989	89,364	802	816
	225,650	228,304	5,214	5,410

Freehold, leasehold land and buildings of the Group and the Company were revalued in July 2015 by accredited professional valuers, based on open market value method. The fair value is categorised as Level 3 of the fair value hierarchy with no transfer between Levels 1 and 2 during the year.

(iii) Cash outflows on purchase of property, plant and equipment:

	The Group	
	2016 RM'000	2015 RM'000
Total additions during the year	316,715	100,007
Less: Deposits paid in prior years	(16,659)	-
Less: Amount payable as of end of reporting period	(18,616)	-
Cash outflow	281,440	100,007

14. INVESTMENT PROPERTIES

The Group	Freehold land RM'000	Building RM'000	Total RM'000
As of 1 August 2014	1,631	2,848	4,479
Charge during the year	-	(71)	(71)
Gain on property revaluation recognised in profit or loss	10,369	2,223	12,592
As of 31 July 2015	12,000	5,000	17,000
As of 1 August 2015 and 31 July 2016	12,000	5,000	17,000

The revaluation of the investment properties has been performed by an accredited independent valuer in the financial year ended 31 July 2016 and 31 July 2015, based on comparison method. The fair value is categorised as Level 3 of the fair value hierarchy with no transfer between Levels 1 and 2 during the year.

Qualitative information about fair value measurement of investment properties performed using significant unobservable inputs (Level 3) as of 31 July 2016 and 2015:

Valuation Technique	Significant Unobservable Inputs	Range
Comparison method of valuation	Difference in size, location, timing of transaction, freehold/leasehold tenure and improvement on land	5% to 50%

Continued

14. INVESTMENT PROPERTIES (CONT'D)

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to RM581,000 (2015: RM558,000). Direct operating expenses arising from the investment properties amounted to RM158,000 (2015: RM113,000).

15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost:		
At beginning of year	256,895	224,726
Additions	44,400	71,568
Disposal	-	(1,601)
Impairment (Note 8)	-	(37,798)
At end of year	301,295	256,895

The additions in the current year are in relation to additional investments in existing subsidiaries, Scientex Packaging Film Sdn. Bhd. and Scientex Management Sdn. Bhd..

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2016 %	2015 %	Principal Activities
Scientex Quatari Sdn. Bhd. ("SQSB")	Malaysia	100	100	Investment holding, property investment and development
Scientex Industries Group Sdn. Bhd. ("SIGSB")	Malaysia	100	100	Manufacturing and distribution of polyvinyl chloride ("PVC") films and sheets, PVC leather cloth and PVC sheeting, thermoplastic olefins/ polypropylene ("PP") and PVC/PP foam skin materials for automotive interior, and trading of packaging related materials
Scientex Packaging Film Sdn. Bhd. ("SPFSB")[1]	Malaysia	100	100	Manufacturing of stretch film and investment holding
Scientex Management Sdn. Bhd. ("SMSB")[2]	Malaysia	100	100	Rendering of management services
Scientex Polymer Sdn. Bhd. ("SPSB")	Malaysia	100	100	Investment holding
Scientex Solar Sdn. Bhd. ("SSSS")[3]	Malaysia	-	100	Dormant
Scientex Tsukasa (Vietnam) Co., Ltd.*	Vietnam	60	60	Manufacturing of PP woven bags, fabric, bulk bags and polyethylene tying tapes
Subsidiaries of SQSB				
Scientex Heights Sdn. Bhd.	Malaysia	100	100	Property development
Scientex Park (M) Sdn. Bhd.	Malaysia	100	100	Property investment and development
Texland Sdn. Bhd.	Malaysia	90	90	Property development

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2016 %	2015 %	Principal Activities
Subsidiaries of SQSB (cont'd)				
Scientex (Skudai) Sdn. Bhd.	Malaysia	100	100	Property development
Scientex (Senai) Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of SIGSB				
PT. Scientex Indonesia*	Indonesia	100	100	Sales and marketing of laminating polyurethane adhesives
Subsidiaries of SPFSB				
Pan Pacific Straptex Sdn. Bhd.	Malaysia	70	70	Manufacturing of PP strapping band
Scientex Great Wall Sdn. Bhd. ("SGW")	Malaysia	90	90	Manufacturing of plastic packaging products
Scientex Great Wall (Ipoh) Sdn. Bhd. ("SGWI")[4]	Malaysia	100	-	Manufacturing of plastic packaging products
Scientex International (S) Pte. Ltd.**	Singapore	100	100	Procurement, distribution and trading of resins, chemicals, films and other packaging related products
Scientex Advance Sdn. Bhd. ("SASB")*[5]	Malaysia	100	100	Dormant
Subsidiary of SGW				
Scientex Distribution Sdn. Bhd.	Malaysia	90	90	Dormant
Subsidiaries of SMSB				
KC Contract Sdn. Bhd.	Malaysia	65	65	Property construction
Great Wall Plastic Industries Berhad	Malaysia	100	100	Dormant
Subsidiaries of SPSB				
Woventex Sdn. Bhd. ("WSB")[3]	Malaysia	-	100	Dormant
Scientex Polymer (Vietnam) Co., Ltd. ("SPV")*[6]	Vietnam	-	100	Dissolved

Continued

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

* *Audited by other auditors.*
** *Audited by member firm of Deloitte South East Asia Ltd.*
[1] *The Company subscribed additional 30,000,000 ordinary shares of RM1.00 each in SPFSB for a total consideration of RM30,000,000.*
[2] *The Company subscribed additional 14,399,998 ordinary shares of RM1.00 each in SMSB for a total consideration of RM14,399,998.*
[3] *SSSS and WSB have been struck off pursuant to Section 308 of the Companies Act, 1965 ("the Act").*
[4] *SPFSB acquired the entire 21,045,316 ordinary shares of RM1.00 each in SGWI from Mondi Consumer Packaging International GmbH for a total consideration of RM58,000,000.*
[5] *SASB commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Act. Subsequently, a Final Meeting was held on 8 September 2016 to conclude the Members' Voluntary Winding-Up and a Return by Liquidator relating to Final Meeting ("Return") was lodged with the Companies Commission of Malaysia and Official Receiver on 9 September 2016. Accordingly, SASB will be dissolved on the expiration of 3 months from the date of lodgement of the Return pursuant to Section 272(5) of the Act.*
[6] *SPV was dissolved pursuant to the Decision of Dissolution's Approval received from the Ho Chi Minh City Export Processing and Industrial Zones Authority.*

Acquisition of subsidiary

During the financial year 2016, SPFSB acquired 100% equity interest in SGWI from Mondi Consumer Packaging International GmbH for a total purchase consideration of RM58,000,000. The acquisition was completed on 11 August 2015. Subsequent to the acquisition, SGWI became a wholly-owned subsidiary of SPFSB.

From the date of acquisition, SGWI contributed revenue of RM161,931,000 and net profit of RM12,458,000 to the Group's results during the financial year ended 31 July 2016.

The assets and liabilities arising from the acquisition in the financial year ended 31 July 2016 were as follows:

	Carrying amounts 2016 RM'000	Fair values 2016 RM'000
Property, plant and equipment (Note 13)	41,308	49,146
Other investments	33	33
Deferred tax assets (Note 29)	5,718	3,863
Inventories	18,590	18,590
Trade receivables	16,131	16,131
Other receivables, deposits and prepaid expenses	2,294	2,294
Tax recoverable	161	161
Cash and bank balances	4,408	4,408
Trade payables	(15,162)	(15,162)
Other payables and accrued expenses	(3,956)	(3,956)
Borrowings	(27,971)	(27,971)
Retirement benefits obligations (Note 28)	(1,671)	(1,671)
Net identifiable assets	39,883	45,866
Fair value of net identifiable assets		45,866
Goodwill (Note 20)		12,134
Cost of business combination		58,000

Cash out flow on acquisition was as follows:

	2016 RM'000
Purchase consideration satisfied by cash	58,000
Cash and cash equivalents of subsidiary acquired	(4,408)
Net cash outflow of the Group	53,592

Continued

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

The Group	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Cost			
As at 1 August 2014	167,825	92,576	260,401
Costs incurred during the year	39,092	4,383	43,475
Transfer to property development costs [Note 16(b)]	(8,951)	(26,309)	(35,260)
As at 31 July 2015	197,966	70,650	268,616
As at 1 August 2015	197,966	70,650	268,616
Acquisition of land	240,972	-	240,972
Costs incurred during the year	29,959	7,457	37,416
Transfer to property development costs [Note 16(b)]	(86,180)	(13,790)	(99,970)
As at 31 July 2016	382,717	64,317	447,034

During the financial year, SQSB purchased freehold lands measuring approximately 322.86 acres and 10.52 acres respectively, for a total consideration of RM232,206,000 and RM8,766,000. The parcels of lands are located at Mukim Pulai, District of Johor Bahru and Mukim Hulu Kinta, District of Perak respectively.

(b) Property development costs

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs				
As at 1 August 2014	60,930	28,399	228,263	317,592
Costs incurred during the year	-	-	303,847	303,847
Transfer from land held for property development [Note 16(a)]	8,951	26,309	-	35,260
Reversal of completed projects	(22,803)	(12,140)	(125,053)	(159,996)
Unsold units transferred to inventories	(197)	(905)	(8,139)	(9,241)
As at 31 July 2015	46,881	41,663	398,918	487,462
Cumulative costs recognised in profit or loss				
As at 1 August 2014	(18,298)	(23,057)	(171,619)	(212,974)
Recognised during the year (Note 6)	(44,749)	(5,559)	(247,677)	(297,985)
Reversal of completed projects	22,803	12,140	125,053	159,996
As at 31 July 2015	(40,244)	(16,476)	(294,243)	(350,963)
Property development costs at 31 July 2015	6,637	25,187	104,675	136,499

Continued

16. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs (cont'd)

The Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs				
As at 1 August 2015	46,881	41,663	398,918	487,462
Costs incurred during the year	-	-	348,058	348,058
Transfer from land held for property development [Note 16(a)]	86,180	13,790	-	99,970
Reversal of completed projects	(48,840)	(8,313)	(292,812)	(349,965)
Unsold units transferred to inventories	-	(635)	(11,995)	(12,630)
As at 31 July 2016	84,221	46,505	442,169	572,895
Cumulative costs recognised in profit or loss				
As at 1 August 2015	(40,244)	(16,476)	(294,243)	(350,963)
Recognised during the year (Note 6)	(64,020)	(16,313)	(316,846)	(397,179)
Reversal of completed projects	48,840	8,313	292,812	349,965
As at 31 July 2016	(55,424)	(24,476)	(318,277)	(398,177)
Property development costs at 31 July 2016	28,797	22,029	123,892	174,718

The freehold and leasehold lands under development with carrying amount of RM188,395,000 (2015: RM65,823,000) have been charged as securities for borrowings [Note 27(b)].

Included in the land held for development is interest capitalised of RM3,692,000 (2015: RM Nil) (Note 7).

17. INVESTMENT IN JOINT VENTURE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia:				
Unquoted shares, at cost	22,500	22,500	22,500	22,500
Shares of post-acquisition reserves	31	3,655	-	-
	22,531	26,155	22,500	22,500
Shares of post-acquisition reserves:				
At beginning of year	3,655	2,840	-	-
Share of results	(3,624)	815	-	-
At end of year	31	3,655	-	-

Continued

17. INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Name of Joint Venture	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2016 %	2015 %	Principal Activities
MCTI Scientex Solar Sdn. Bhd. ("MSS")	Malaysia	50	50	Manufacturing and distribution of ethylene-vinyl acetate encapsulating materials for photovoltaic solar modules

MSS has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the financial statements of MSS for the year ended 31 July 2016 have been used.

At the Group level, the carrying value of joint venture represents its share of net assets in the joint venture at end of the reporting period. Summarised financial information in respect of the Group's joint venture is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Assets and Liabilities		
Current assets	21,137	25,469
Non-current assets	49,714	50,121
Total assets	70,851	75,590
Current liabilities	(14,042)	(5,855)
Non-current liabilities	(11,746)	(17,425)
Total liabilities	(25,788)	(23,280)
Results		
Revenue	31,293	45,572
(Loss)/Profit for the year	(7,248)	1,630

18. INVESTMENT IN ASSOCIATE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia:				
Unquoted shares, at cost	3,000	3,000	3,000	3,000
Share of post-acquisition reserves	23,135	12,369	-	-
	26,135	15,369	3,000	3,000
Share of post-acquisition reserves:				
At beginning of year	12,369	9,125	-	-
Share of results	11,066	3,424	-	-
Dividend received (Note 5)	(300)	(180)	-	-
At end of year	23,135	12,369	-	-

Continued

18. INVESTMENT IN ASSOCIATE (CONT'D)

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2016 %	2015 %	Principal Activities
Cosmo Scientex (M) Sdn. Bhd. ("CSM")*	Malaysia	30	30	Manufacturing and trading of polyurethane adhesive for flexible packaging applications

* *Audited by other auditors.*

CSM has a financial year end of 31 December. For the purpose of applying the equity method of accounting, the unaudited financial statements of CSM for the year ended 31 July 2016 have been used.

At the Group level, the carrying value of associate represents its share of net assets in the associate at end of the reporting period. Summarised financial information in respect of the Group's associate is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Assets and Liabilities		
Current assets	102,484	63,039
Non-current assets	34,498	20,111
Total assets	136,982	83,150
Current liabilities	(44,739)	(23,643)
Non-current liabilities	(5,125)	(8,276)
Total liabilities	(49,864)	(31,919)
Results		
Revenue	195,352	152,983
Profit for the year	36,887	11,415

19. OTHER INVESTMENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Available-for-sale assets:				
At cost:				
Unquoted equity instruments outside Malaysia	4,548	4,548	4,548	4,548
Unquoted equity instruments in Malaysia	3,040	2,188	-	198
Club memberships	480	447	198	198
	8,068	7,183	4,746	4,944
Less: Accumulated impairment loss - club memberships	(101)	(101)	(61)	(61)
	7,967	7,082	4,685	4,883

Continued

20. GOODWILL

	The Group	
	2016 RM'000	2015 RM'000
Goodwill, at cost	12,134	-

Goodwill of the Group arose from the acquisition of SGWI (Note 15). Goodwill is allocated, at acquisition, to the CGU of the Group that is expected to benefit from the business transfer. The Group's methodology to test goodwill for impairment is described in Note 3.

Key assumptions used

The recoverable amount of the CGU is determined based on the higher of fair value less costs to sell and value-in-use. The value-in-use calculation is based on financial budget approved by management and a discount rate of 4% per annum, reflecting the weighted average cost of debts of SGWI. The directors believe that an average growth rate of 5% per annum is reasonable for cash flow projection purposes as it is determined based on expectations of future changes in the market.

21. INVENTORIES

	The Group	
	2016 RM'000	2015 RM'000
At cost:		
Raw materials	58,864	52,193
Finished products	42,046	30,902
Unsold completed property units	18,510	16,282
Work-in-progress	14,431	9,890
	133,851	109,267
At net realisable value:		
Properties held for sale	2,226	2,226
Raw materials	562	98
Finished products	371	362
	3,159	2,686
	137,010	111,953

22. TRADE RECEIVABLES

	The Group	
	2016 RM'000	2015 RM'000
Third parties	316,949	266,481
Associate and joint venture (Note 35)	34	123
	316,983	266,604
Less: Allowance for doubtful debts - third parties	(1,094)	(717)
Trade receivables, net	315,889	265,887

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Trade receivables are non-interest bearing. The average credit terms for trade receivables of the Group range from 14 to 120 days (2015: 14 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Continued

22. TRADE RECEIVABLES (CONT'D)

Amounts due from associate and joint venture are unsecured, non-interest bearing and have a credit terms of 60 days (2015: 60 days).

Included in trade receivables are retention sums on property development activities amounting to RM32,106,000 (2015: RM16,706,000).

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group	
	2016 RM'000	**2015 RM'000**
Neither past due nor impaired	296,555	250,422
Past due but not impaired	19,334	15,465
Past due and impaired	1,094	717
	316,983	266,604

	The Group	
	2016 RM'000	**2015 RM'000**
Ageing of past due but not impaired		
1 to 30 days	14,910	12,129
31 to 60 days	3,584	2,658
61 to 90 days	309	520
More than 91 days	531	158
	19,334	15,465
Ageing of past due and impaired		
More than 120 days	1,094	717

Movement in allowance for doubtful debts

The trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment is as follows:

	The Group	
	2016 RM'000	**2015 RM'000**
At beginning of year	717	958
Allowance for doubtful debts (Note 8)	566	325
Acquisition of subsidiary	32	-
Written off during the year	(187)	(501)
Reversal of allowance for doubtful debts (Note 8)	(34)	(65)
At end of year	1,094	717

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM19,334,000 (2015: RM15,465,000) that are past due at the reporting date but not impaired. The Group does not hold any collateral over these balances. These relate to creditworthy customers that the Group continues to trade actively with.

Continued

22. TRADE RECEIVABLES (CONT'D)

Receivables that are impaired

Trade receivables that are impaired at the reporting date relate to debtors that are in financial difficulties or in dispute and have defaulted on payments. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The currency profile of trade receivables of the Group is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	212,080	184,792
United States Dollar	104,903	81,812
	316,983	266,604

23. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	9,919	5,388	-	17
Prepaid expenses	8,365	5,136	124	32
Deposits	6,029	5,949	44	48
Deposit on purchase of property, plant and machinery	5,623	16,659	-	-
Deposit on purchase of land held for development	2,859	21,897	-	-
Amounts due from associate and joint venture (Note 35)	423	299	-	-
Amounts due from subsidiaries (Note 35)	-	-	-	2,464
	33,218	55,328	168	2,561

24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	90,817	88,020	744	163
Short-term deposits with:				
Other financial institutions	7,805	1,006	7,141	851
Licensed banks	1,979	1,600	-	1,600
	100,601	90,626	7,885	2,614

The Housing Development Accounts are maintained in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to certain subsidiary companies upon the completion of the property development projects and after all property development expenditure have been fully settled. Included in cash at banks of the Group are amounts of RM3,541,000 (2015: RM13,396,000) held in the Housing Development Accounts.

Continued

24. CASH AND CASH EQUIVALENTS (CONT'D)

Short-term deposits with other financial institutions refer to licensed fund management companies in Malaysia. These deposits have redemption period of one working day upon notification of withdrawal. The weighted average effective interest rate as at 31 July 2016 for the Group and the Company is 3.50% (2015: 3.60%) per annum respectively.

Short-term deposits with licensed banks for the Group and Company have weighted average effective interest rates as at 31 July 2016 of 3.20% (2015: 2.72%) per annum. The average maturities of short-term deposits with licensed banks of the Group and the Company as at the end of the reporting date were 120 days (2015: 2 days).

The currency profile of cash and cash equivalents is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	53,957	64,763
United States Dollar	46,644	25,863
	100,601	90,626

Cash and cash equivalents of the Company are denominated in Ringgit Malaysia.

25. SHARE CAPITAL

	The Group and The Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
At beginning of year	400,000	400,000	200,000	200,000
Created during the year	600,000	-	300,000	-
At end of year	1,000,000	400,000	500,000	200,000
Issued and fully paid:				
At beginning of year	230,000	230,000	115,000	115,000
Issued during the year pursuant to the SGP	472	357	236	179
Cancellation of treasury shares during the year	(472)	(357)	(236)	(179)
At end of year	230,000	230,000	115,000	115,000

(a) Share capital

During the current financial year 2016, the Company:

(i) Increased the authorised share capital of the Company from RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each, by the creation of an additional 600,000,000 ordinary shares of RM0.50 each;

(ii) Issued 472,000 (2015: 357,000) new ordinary shares of RM0.50 each, pursuant to the Scientex Berhad Share Grant Plan ("SGP"). The new ordinary shares issued rank pari-passu in all respects with the existing ordinary shares of the Company; and

(iii) Cancelled 472,000 (2015: 357,000) treasury shares of RM0.50 each.

As of 31 July 2016, the total number of issued and paid-up share capital of the Company was 230,000,000 (2015: 230,000,000) ordinary shares of RM0.50 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

Continued

25. SHARE CAPITAL (CONT'D)

(b) Share grant plan

The SGP is governed by the By-Laws which was approved by the shareholders on 17 December 2013. The SGP allows the Company to grant shares to eligible employees of the Group of up to 5% of the total issued and paid-up share capital of the Company (excluding treasury shares). The SGP is administered by the SGP Committee which is appointed by the Board, in accordance with the By-Laws. The SGP shall be in force for a period of 5 years from the effective date, 21 January 2014 to 20 January 2019, unless extended for up to another 5 years immediately upon the expiry of the first 5 years, but shall not in aggregate exceed the duration of 10 years from the effective date.

The salient features, terms and conditions of the SGP are as follows:

(i) The total number of shares which may be awarded to the selected eligible employees under the SGP shall not exceed in aggregate 5% of the total issued and paid-up share capital of the Company (excluding treasury shares) at any point of time during the duration of the SGP.

(ii) The total number of shares that may be awarded under the SGP shall be determined at the sole and absolute discretion of the SGP Committee after taking into consideration the employees performance, contribution, employment grade and the fulfilment of the yearly performance targets or such other matters as the SGP Committee may deem fit and shall be subject to the following:

- the number of new shares made available under SGP shall not exceed the amount stipulated in (i) above;
- the allocation to an eligible employee, who either singly or collectively, through persons connected with the eligible employee, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares), must not exceed 10% of the total number of shares to be issued under the SGP; and
- not more than 50% of the shares to be issued under the SGP shall be allocated to the eligible employees who are in senior management of the Group.

(iii) The SGP Committee has the discretion in determining whether the shares available for vesting under the SGP shall be staggered over the duration of the SGP.

(iv) The shares will be vested with the grantee at no cost to the grantee on the vesting date(s).

During the current financial year, the Company granted and vested 472,000 (2015: 357,000) new ordinary shares of RM0.50 each to the eligible employees of the Company and its subsidiaries under the SGP. The closing share price as of the date of granting was RM7.70 (2015: RM7.05). The Group and the Company incurred a total cost of approximately RM3,634,000 and RM Nil (2015: RM2,517,000 and RM1,390,000), respectively in relation to the SGP (Note 9).

26. RESERVES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable reserves:				
Share premium	104,324	64,353	104,324	64,353
Capital redemption reserve	17,882	17,646	4,382	4,146
Property revaluation surplus	55,799	55,799	20,018	20,018
Foreign currency translation reserve	8,683	5,582	-	-
Treasury shares	-	(6,039)	-	(6,039)
Other reserves	461	461	68	68
	187,149	137,802	128,792	82,546
Distributable reserve:				
Retained earnings	873,018	689,176	99,980	107,629
	1,060,167	826,978	228,772	190,175

Continued

26. RESERVES (CONT'D)

(a) Share premium

Share premium arose from the surplus of consideration received from the disposal of treasury shares and the issuance of ordinary shares pursuant to the SGP.

(b) Capital redemption reserve

Capital redemption reserve arose from the cancellation of preference shares and treasury shares in a subsidiary and the Company, respectively.

During the current financial year, the Company cancelled 472,000 (2015: 357,000) treasury shares of RM0.50 each, amounting to RM236,000 (2015: RM179,000).

(c) Property revaluation surplus

Property revaluation surplus represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

During the financial year 2015, the Group performed a revaluation on its freehold land, leasehold land and buildings classified under property, plant and equipment, resulting in an increase in revaluation reserve of RM36,367,000, net of taxation.

(d) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(e) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

During the current financial year, the Company:

(i) Repurchased 100 (2015: 200) of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad at an average price (including transaction costs) of RM10.08 (2015: RM7.48) per share. The total consideration paid for the repurchase (including transaction costs) was RM1,008 (2015: RM1,496). The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

(ii) Sold 3,669,062 (2015: 4,347,000) treasury shares in the open market of Bursa Malaysia Securities Berhad at an average price (including transaction costs) of RM11.61 (2015: RM7.09) per share for a total consideration of approximately RM42,613,000 (2015: RM30,810,000). The cost of the treasury shares was at an average price of RM1.46 (2015: RM1.46) per share, amounting to approximately RM5,352,000 (2015: RM6,338,000). This resulted in an increase in the share premium and equity attributable to shareholders of the Company of approximately RM37,261,000 (2015: RM24,472,000) and RM42,613,000 (2015: RM30,810,000) respectively.

(iii) Cancelled 472,000 (2015: 357,000) treasury shares of RM0.50 each. The cost of the treasury shares was at an average price of RM1.46 (2015: RM1.46) per share, amounting to approximately RM688,000 (2015: RM521,000). The cancellation resulted in a decrease in share premium of approximately RM688,000 (2015: RM521,000) and an increase in capital redemption reserve of approximately RM236,000 (2015: RM179,000).

As of 31 July 2016, the Company did not hold any treasury shares.

(f) Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 July 2016 under the single tier system.

Continued

27. BORROWINGS

	The Group	
	2016 RM'000	**2015 RM'000**
Current - at amortised cost		
Secured:		
Revolving credits	-	13,040
Unsecured:		
Bankers acceptances	110,325	76,856
Revolving credits	86,100	-
Term loans	23,616	28,595
Foreign currency revolving credits	12,695	23,518
Trust receipts	-	7,912
	232,736	136,881
	232,736	149,921
Non-current - at amortised cost		
Secured:		
Sukuk Murabahah	100,000	-
Term loans	70,000	70,000
	170,000	70,000
Unsecured:		
Term loans	68,872	5,510
	238,872	75,510
Total borrowings		
Term loans	162,488	104,105
Bankers acceptances	110,325	76,856
Sukuk Murabahah	100,000	-
Revolving credits	86,100	13,040
Foreign currency revolving credits	12,695	23,518
Trust receipts	-	7,912
	471,608	225,431

Borrowings are repayable as follows:

	The Group	
	2016 RM'000	**2015 RM'000**
Current	232,736	149,921
Non-current		
More than 1 year and less than 2 years	29,900	5,510
More than 2 years and less than 5 years	184,472	31,500
More than 5 years	24,500	38,500
	238,872	75,510
	471,608	225,431

Continued

27. BORROWINGS (CONT'D)

The average effective interest rates per annum of the borrowings at the reporting date are as follows:

	The Group	
	2016 %	**2015 %**
Term loans	4.50	3.76
Sukuk Murabahah	4.55	-
Bankers acceptances	3.86	3.96
Revolving credits	4.09	4.42
Foreign currency revolving credits	1.10	0.93
Trust receipts	-	3.08

(i) Sukuk Murabahah Programme

During the current financial year, SQSB, a wholly-owned subsidiary of the Company, had established a Sukuk Murabahah Programme ("Sukuk Murabahah") for the issuance of up to RM500,000,000 in nominal value of Sukuk Murabahah. It provides SQSB the flexibility to raise funds from time to time which can be utilised to finance and/or reimbursement of the acquisition of land(s)/property(ies)/investments, to fund working capital requirements and to refinance existing bank borrowings of SQSB and/or its subsidiaries. The Sukuk Murabahah Programme is unrated and has a tenure of fifteen (15) years from the date of first issuance of the Sukuk Murabahah.

On 8 January 2016, SQSB made its first issuance of RM150,000,000 in nominal value of unrated Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) under the Sukuk Murabahah Programme. Proceeds from the issuance was utilised to part finance the acquisition of lands. The redeemable Sukuk Murabahah are due on 8 January 2019, 8 January 2020 and 8 January 2021 for each RM50,000,000 and bear profit based on cost of fund plus margin, payable quarterly. Subsequently, SQSB had on 8 July 2016 made an early redemption of RM50,000,000 in nominal value of the unrated Sukuk Murabahah.

(ii) The term loans and other banking facilities are secured by the following:

(a) First party charge and third party second charges over the freehold land and building of a subsidiary with carrying value of RM127,108,000 (2015: RM128,486,000) as disclosed in Note 13.

(b) First party charge and third party second charges over the freehold and leasehold lands of subsidiaries with carrying value of RM188,395,000 (2015: RM65,823,000) as disclosed in Note 16.

(c) Negative pledges on all the other assets held by the Company and certain subsidiaries.

(iii) The currency profile of borrowings equivalents is as follows:

	The Group	
	2016 RM'000	**2015 RM'000**
Ringgit Malaysia	457,326	169,506
United States Dollar	14,282	55,925
	471,608	225,431

Continued

28. RETIREMENT BENEFITS OBLIGATIONS

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At beginning of year	18,508	17,343	7,181	6,769
Acquisition of subsidiary (Note 15)	1,671	-	-	-
Current and past service cost (Note 9)	3,961	2,565	-	412
Paid during the year	(373)	(1,400)	-	-
Foreign exchange differences	15	-	-	-
At end of year	23,782	18,508	7,181	7,181

The present value of the pension obligation is determined using actuarial valuations. The actuarial valuations were recomputed during the financial year ended 31 July 2014 by Actuarial Partners Consulting Sdn. Bhd., an independent professional actuarist.

The Group operates an unfunded defined benefit lump sum plan. A lump sum benefit is payable to the employees at the normal retirement age of 60 (2015: 60). The plan is applicable to employees who have a minimum 5 years of service to the Group.

The amounts recognised in the statements of financial position are determined as follows:

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Present value of unfunded benefit	23,782	18,508	7,181	7,181
Analysed as:				
Current	-	-	-	-
Non-current:				
Later than 2 years	23,782	18,508	7,181	7,181
	23,782	18,508	7,181	7,181

The amounts recognised in the profit and loss and other comprehensive income are as follows:

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Cost of sales	1,208	523	-	-
Administrative expenses	2,488	1,898	-	412
Selling and distribution expenses	265	144	-	-
	3,961	2,565	-	412

The principal assumptions are as follows:

	The Group		The Company	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Discount rate	5.75	5.75	5.75	5.75
Future salary increases	7.00	7.00	7.00	7.00

Continued

28. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

No sensitivity analysis on the principal assumptions is prepared as the Group does not expect any material effect on the Group's profit or loss and other comprehensive income arising from the effect of reasonably possible changes to the above principal actuarial assumptions at the end of the reporting period.

29. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year	38,862	23,572	6,026	718
Acquisition of subsidiary (Note 15)	(3,863)	-	-	-
Recognised in profit or loss (Note 11)	(2,618)	10,024	(119)	-
Revaluation of land and buildings	-	11,461	-	5,308
Recognised in other comprehensive income	-	(6,195)	-	-
At end of year	32,381	38,862	5,907	6,026
Deferred tax assets	(2,651)	(2,086)	-	-
Deferred tax liabilities	35,032	40,948	5,907	6,026
	32,381	38,862	5,907	6,026

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

The deferred tax (assets)/liabilities provided in the financial statements represents the tax effects of the following:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets (before offsetting):				
Temporary differences arising from:				
Unabsorbed reinvestment allowances	(37,521)	(23,075)	-	-
Unabsorbed tax losses and capital allowances	(8,613)	(3,959)	-	-
Others	(8,284)	(5,250)	(923)	(961)
	(54,418)	(32,284)	(923)	(961)
Offsetting	51,767	30,198	923	961
Deferred tax assets (after offsetting)	(2,651)	(2,086)	-	-

Continued

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

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax liabilities (before offsetting):				
Temporary differences arising from:				
Property, plant and equipment	62,355	47,345	600	599
Revaluation of land and buildings	24,386	23,737	6,230	6,388
Others	58	64	-	-
	86,799	71,146	6,830	6,987
Offsetting	(51,767)	(30,198)	(923)	(961)
Deferred tax liabilities (after offsetting)	35,032	40,948	5,907	6,026

As mentioned in Note 3, the tax effects of unutilised tax losses, unabsorbed capital allowances and deductible temporary differences which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses, unabsorbed capital allowances, unabsorbed reinvestment allowances and deductible temporary differences can be utilised. As at 31 July 2016, the amount of unutilised tax losses, unabsorbed capital allowances and deductible temporary differences of certain subsidiaries for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	The Group	
	2016 RM'000	2015 RM'000
Unutilised tax losses	464	464
Unabsorbed capital allowances	8	8
Deductible temporary differences	2,888	6,088
	3,360	6,560

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences, which are subject to the agreement by the tax authorities, are available for offset against future chargeable income of the respective subsidiaries.

30. TRADE PAYABLES

	The Group	
	2016 RM'000	2015 RM'000
Third parties	285,645	222,016
Associate	21,193	17,949
Amounts due to contract customers	8,908	12,553
	315,746	252,518

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2015: 30 to 120 days). The amount due to associate is unsecured, non-interest bearing and has credit terms of 60 to 90 days (2015: 60 to 90 days). Included in the trade payables of the Group is an amount of RM20,163,000 (2015: RM12,017,000) representing retention amount.

Continued

30. TRADE PAYABLES (CONT'D)

The currency profile of trade payables is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	167,640	116,260
United States Dollar	148,106	136,258
	315,746	252,518

Amounts due to contract customers are as follows:

	The Group	
	2016 RM'000	2015 RM'000
Aggregate costs incurred:		
As at 31 July	122,780	184,952
Attributable profits	5,368	6,475
	128,148	191,427
Less: Progress billings	(137,056)	(203,980)
Amount due to contract customers	(8,908)	(12,553)

31. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accrued expenses	72,807	39,414	686	511
Other payables	42,303	15,684	9	8
Deposits	516	643	1	1
	115,626	55,741	696	520

32. DIVIDENDS

	The Group and The Company	
	2016 RM'000	2015 RM'000
In respect of the financial year ended 31 July 2014:		
26% single tier final dividend on 225,859,138 ordinary shares (13 sen per ordinary share)	-	29,362
In respect of the financial year ended 31 July 2015:		
18% single tier interim dividend on 225,859,038 ordinary shares (9 sen per ordinary share)	-	20,327
26% single tier final dividend on 226,330,938 ordinary shares (13 sen per ordinary share)	29,423	-
In respect of the financial year ended 31 July 2016:		
24% single tier interim dividend on 230,000,000 ordinary shares (12 sen per ordinary share)	27,600	-
	57,023	49,689

Continued

32. DIVIDENDS (CONT'D)

The directors had on 26 September 2016 proposed a single tier final dividend of 20% (10 sen per ordinary share) amounting to approximately RM46,000,000, in respect of the financial year ended 31 July 2016. This dividend is proposed after the 1-for-1 bonus issue which was completed on 15 August 2016, resulting in the increase in issued and paid-up share capital of the Company from 230,000,000 ordinary shares of RM0.50 each to 460,000,000 ordinary shares of RM0.50 each. The proposed single tier final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liabilities in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2017.

33. CAPITAL COMMITMENTS

At the end of reporting period, the Group and the Company have the following capital commitments in respect of the acquisition of property, plant and equipment and land held for development.

	The Group	
	2016 RM'000	**2015 RM'000**
Approved and contracted for:		
Purchase of plant and machinery	49,257	200,398
Balance payment for purchase of land held for development	25,678	197,072
	74,935	397,470

34. FINANCIAL GUARANTEES

Corporate guarantees are provided by the Company to banks and financial institutions to secure banking facilities for the subsidiaries. The directors are of the opinion that the corporate guarantees are not likely to be called upon and regard the value of the credit enhancement provided by the corporate guarantees as minimal.

35. RELATED PARTY TRANSACTIONS

Amounts owing by/(to) associate and joint venture which arose mainly from trade transactions and expenses paid on behalf have a credit period range from 60 to 90 days (2015: 60 to 90 days).

Amounts owing by/(to) subsidiaries, which arose mainly from expenses paid on behalf and unsecured advances, are non-interest bearing and repayable on demand.

The Group and the Company have the following transactions with related parties during the financial year, which were determined on terms not more favourable to the related parties than to third parties:

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

		The Group	
		2016 RM'000	**2015 RM'000**
Associate:			
Sales	(i)	(789)	(809)
Purchases	(ii)	77,768	58,213
Management fees income	(iii)	(120)	(120)
Rental income	(iv)	(144)	(144)
Joint venture:			
Sales	(i)	(132)	(175)
Rental income	(iv)	(926)	(926)

Continued

35. RELATED PARTY TRANSACTIONS (CONT'D)

		The Company	
		2016 RM'000	2015 RM'000
Associate:			
Management fees income	(iii)	(120)	(120)
Dividend income		(300)	(180)
Subsidiaries:			
Project management fees income	(iii)	-	(14,772)
Dividend income		(48,638)	(33,354)

(i) The sales were determined on terms not more favourable to the related parties than to third parties and have credit terms of 60 days (2015: 60 days).

(ii) The purchase of products from associate were made according to the published prices and conditions offered by the related party to their major customers.

(iii) The rendering of services to associate and subsidiaries were determined on terms not more favourable to the related parties than to third parties and have credit terms of 30 days (2015: 30 days).

(iv) The rental payable by the associate and joint venture was determined on terms not more favourable to the related parties than to third parties and has credit terms of 30 days (2015: 30 days).

(b) Compensation of key management personnel are as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and other emoluments	17,821	17,002	1,670	6,734
Fees	50	38	50	38
Contribution to defined contribution plans	3,204	2,748	301	941
Share grant plan	955	743	-	647
	22,030	20,531	2,021	8,360

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration amounting to RM10,759,000 and RM1,773,000 (2015: RM11,993,000 and RM5,035,000) respectively.

36. SEGMENTAL INFORMATION

Segment reporting is presented in respect of the Group's business segments in a manner consistent with the internal reporting provided to and regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transaction are within the Group.

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments

The Group's activities are classified into two major business segments:

- Manufacturing - mainly in the business of manufacturing of various packaging products and manufacturing of materials for automotives interior. Included in this segment is also the sales and marketing of laminating polyurethane adhesives, which is regarded by the management to exhibit similar economic characteristics.

- Property development - in the business of constructing and developing residential, commercial and industrial properties and property management.

Management monitors the operating results of its business units separately for the purpose of decision making on resource allocation and performance assessment. Group financing and income taxes are managed on a group basis and are not allocated to operating segments. Transactions between operating segments are conducted under terms, conditions and prices not materially different from transactions with non-related parties.

(b) Analysis by activity

2016	Note	Manufacturing RM'000	Property development RM'000	Consolidated RM'000
Revenue		1,549,458	651,522	2,200,980
Results				
Interest income		12	1,911	1,923
Interest expense		12,687	983	13,670
Depreciation of property, plant and equipment		52,222	2,317	54,539
Share of results of associate and joint venture		7,442	-	7,442
Other non-cash expenses	(ii)	8,364	1,571	9,935
Segment profit	(i)	128,960	187,827	316,787
Assets				
Segment assets	(iii)	1,312,671	885,419	2,198,090
Investment in associate		26,135	-	26,135
Investment in joint venture		22,531	-	22,531
Tax recoverable		1,694	-	1,694
Deferred tax assets		2,258	393	2,651
Consolidated total assets				2,251,101
Liabilities				
Segment liabilities		679,573	274,789	954,362
Tax liabilities		3,299	16,746	20,045
Deferred tax liabilities		21,442	13,590	35,032
Consolidated total liabilities				1,009,439

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

2015	Note	Manufacturing RM'000	Property development RM'000	Consolidated RM'000
Revenue		1,285,958	515,726	1,801,684
Results				
Interest income		499	1,221	1,720
Interest expense		7,094	1,161	8,255
Depreciation of:				
Property, plant and equipment		41,854	1,910	43,764
Investment properties		-	71	71
Share of results of associate and joint venture		4,239	-	4,239
Other non-cash (income)/expenses	(ii)	13,898	(11,560)	2,338
Segment profit	(i)	76,930	175,277	252,207
Assets				
Segment assets	(iii)	944,666	651,116	1,595,782
Investment in associate		15,369	-	15,369
Investment in joint venture		26,155	-	26,155
Tax recoverable		460	23	483
Deferred tax assets		1,930	156	2,086
Consolidated total assets				1,639,875
Liabilities				
Segment liabilities		445,852	126,673	572,525
Tax liabilities		5,224	16,416	21,640
Deferred tax liabilities		24,688	16,260	40,948
Consolidated total liabilities				635,113

Notes

(i) The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the statements of profit or loss and other comprehensive income:

	2016 RM'000	2015 RM'000
Segment profit	316,787	252,207
Other expenses	(4,227)	(27,229)
Finance costs (Note 7)	(13,670)	(8,255)
Share of results of associate and joint venture	7,442	4,239
Profit before tax	306,332	220,962

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(b) Analysis by activity (cont'd)

(ii) Other material non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	2016 RM'000	2015 RM'000
Increase in liability for defined benefit plan	3,961	2,565
Property, plant and equipment written off	2,952	434
Net unrealised loss on foreign exchange	1,934	8,427
Allowance for doubtful debts on trade receivables	566	325
Write off/(Write back) of inventories	273	(380)
Other investments written off	198	-
Bad debts written off	167	30
(Gain)/Loss on disposal of property, plant and equipment	(82)	3,594
Allowance for doubtful debts on trade receivables no longer required	(34)	(65)
Fair value gain on investment properties	-	(12,592)
	9,935	2,338

(iii) Included in segment assets is addition to non-current assets of:

	Manufacturing RM'000	Property development RM'000	Consolidated RM'000
2016			
Property, plant and equipment	301,284	15,431	316,715
Land held for property development	-	240,972	240,972
Other investments	1,050	-	1,050
2015			
Property, plant and equipment	95,724	4,283	100,007
Other investments	1,990	-	1,990

(c) Geographical information

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

	Revenue		Non-Current Assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	1,079,325	886,308	1,463,814	953,648
Japan	336,365	307,579	-	-
Korea	170,914	169,384	-	-
Indonesia	107,740	84,623	126	168
Australia	102,591	87,638	-	-
Europe	101,568	67,817	-	-
Singapore	86,401	42,052	20	16
Thailand	61,982	34,967	-	-
Philippines	47,564	25,780	-	-
The Socialist Republic of Vietnam	10,204	9,389	24,011	25,267
Others	96,326	86,147	-	-
Consolidated	2,200,980	1,801,684	1,487,971	979,099

Continued

36. SEGMENTAL INFORMATION (CONT'D)

(c) Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2016 RM'000	2015 RM'000
Property, plant and equipment	952,519	642,791
Investment properties	17,000	17,000
Land held for property development	447,034	268,616
Investment in joint venture	22,531	26,155
Investment in associate	26,135	15,369
Other investments	7,967	7,082
Deferred tax assets	2,651	2,086
Goodwill	12,134	-
	1,487,971	979,099

Revenue from one major customer amounting to RM293,811,000 (2015: RM267,045,000), arising from sales by the manufacturing segment.

37. FINANCIAL INSTRUMENTS

Capital management

The primary objective of the Group's capital management is to ensure that the Group maintains healthy capital ratios in order to support its business operations and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 July 2016 and 31 July 2015.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

		The Group	
		2016 RM'000	2015 RM'000
Debt	(i)	471,608	225,431
Less: Cash and cash equivalents		(100,601)	(90,626)
Net debt		371,007	134,805
Equity	(ii)	1,175,167	941,978
Net debt to equity ratio		0.32	0.14

(i) Debt is defined as long-term and short-term borrowings as disclosed in Note 27.

(ii) Equity includes issued capital and reserves.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets				
Available-for-sale investments	7,967	7,082	4,685	4,883
Loans and receivables:				
Trade receivables	315,889	265,887	-	-
Other receivables and deposits	16,371	11,636	44	2,529
Cash and cash equivalents	100,601	90,626	7,885	2,614
Total	440,828	375,231	12,614	10,026
Financial liabilities				
At amortised cost:				
Trade payables	315,746	252,518	-	-
Other payables and accrued expenses	115,626	55,741	696	520
Borrowings	471,608	225,431	-	-
Total	902,980	533,690	696	520

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Various risk management policies are made and approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign exchange rate risk on certain transactions entered into by subsidiaries in currencies other than its functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	The Group	
	Assets 2016 RM'000	Liabilities 2016 RM'000
United States Dollar	104,267	177,229

	The Group	
	Assets 2015 RM'000	Liabilities 2015 RM'000
United States Dollar	68,903	169,653

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currencies of United States Dollar ("USD").

The following table details the Group's sensitivity to a 3% increase and decrease in the Ringgit Malaysia against USD. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis below includes:

(i) Outstanding foreign currency denominated monetary items and adjusts their translation at the year end and for a 3% change in foreign currency rates. A positive number below indicates a profit where the Ringgit Malaysia strengthens 3% against the USD. For a 3% weakening of the Ringgit Malaysia against USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	The Group	
	2016 RM'000	**2015 RM'000**
United States Dollar	2,189	3,023

(ii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2016 for a 3% change in foreign currency rates. A positive number below indicates profit where the Ringgit Malaysia weakens 3% against USD. For a 3% strengthening of the Ringgit Malaysia against USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	The Group	
	2016 RM'000	**2015 RM'000**
United States Dollar	5,210	3,336

(iii) The Group's sales less cost of sales and other items of expenses denominated in USD during the financial year ended 31 July 2016, offset against the Group's exposure in USD in the statements of financial position at the end of the reporting period for a 3% change in foreign currency rates. A positive/(negative) number below indicates a profit/(loss) where the Ringgit Malaysia strengthens 3% against the USD. For a 3% weakening of the Ringgit Malaysia against USD, a positive/(negative) number below indicates a loss/(profit).

	The Group	
	2016 RM'000	**2015 RM'000**
United States Dollar	(3,021)	(313)

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 27.

Interest rate sensitivity analysis

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 July 2016 would decrease or increase by RM347,000 (2015: RM250,000).

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk mainly from trade and other receivables. The Group extends credit to its customers based upon careful evaluation on the customers' financial condition and credit history.

The Company is exposed to credit risk mainly from subsidiaries and related parties. The Company monitors on an ongoing basis the results of the subsidiaries and related parties, and repayments made by the subsidiaries and related parties.

The Group's and the Company's exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as of 31 July 2016, is the carrying amount of these receivables as disclosed in the statements of financial position.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 22. Deposits and short-term placements with licensed banks and financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due and impaired

Information regarding trade receivables that are past due and impaired is disclosed in Note 22.

Credit risk concentration profile

As at the reporting date, the Group does not have any significant exposure to any individual customer or counterparty.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's and of the Company's short-term, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group and the Company minimise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. The tables include both interest and principal cash flows.

The Group	Weighted average effective interest rate per annum	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2016					
Financial liabilities					
Non-interest bearing:					
Trade payables		315,746	-	-	315,746
Other payables and accrued expenses		115,625	-	-	115,625
		431,371	-	-	431,371
Interest bearing:					
Loans and borrowings	4.52%	244,189	241,623	24,655	510,467
Total undiscounted financial liabilities		675,560	241,623	24,655	941,838

Continued

37. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The Group	Weighted average effective interest rate per annum	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2015					
Financial liabilities					
Non-interest bearing:					
Trade payables		252,518	-	-	252,518
Other payables and accrued expenses		55,741	-	-	55,741
		308,259	-	-	308,259
Interest bearing:					
Loans and borrowings	3.76%	153,536	48,146	40,846	242,528
Total undiscounted financial liabilities		461,795	48,146	40,846	550,787

The Company	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
2016			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	696	-	696
2015			
Financial liabilities			
Non-interest bearing:			
Other payables and accrued expenses	520	-	520

Continued

38. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(i) SQSB, a wholly-owned subsidiary of the Company had on 29 June 2015 entered into two conditional sale and purchase agreements ("SPAs") in relation to the proposed acquisition of freehold agriculture lands measuring approximately 322.86 acres ("SPA 1") and 3.20 acres ("SPA 2") in Mukim of Pulai, District of Johor Bahru, State of Johor for a total cash purchase consideration of RM218.97 million, from Bukit Gambir Company Sdn. Berhad and/or Jayaplus Bakti Sdn. Bhd.

The acquisition had been approved by the Company's shareholders at the Extraordinary General Meeting held on 29 September 2015. Subsequently, the acquisition in connection with the SPA 1 has been completed on 8 January 2016. The acquisition in connection with SPA 2 is currently pending the fulfilment of all the conditions precedent and full payment of balance purchase consideration. It is expected to be completed by financial year 2017.

(ii) On 22 March 2016, the Company proposed a bonus issue of up to 230,000,000 new ordinary shares of RM0.50 each in the Company ("Scientex Share(s)") ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) existing Scientex Share held on an entitlement date to be determined later ("Proposed Bonus Issue").

The Company had on 15 April 2016 received an approval from the Bursa Malaysia Securities Berhad, for the listing of and quotation for up to 230,000,000 Scientex Shares to be issued pursuant to the Proposed Bonus Issue. The shareholders of the Company had approved the Proposed Bonus Issue at the Extraordinary General Meeting held on 1 June 2016. Subsequently, a total of 230,000,000 Bonus Shares have been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 15 August 2016, being the next market day immediately upon the entitlement date of 12 August 2016, hence marking the completion of the Proposed Bonus Issue. Resultant thereto, the issued and paid-up share capital of the Company stood at RM230,000,000 divided into 460,000,000 ordinary shares of RM0.50 each as at the date of this report.

Continued

39. SUPPLEMENTARY INFORMATION ON DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 July 2016 and 31 July 2015 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	1,007,721	803,647	99,980	107,629
Unrealised	(9,929)	(23,552)	-	-
	997,792	780,095	99,980	107,629
Total retained earnings from associated company and joint venture				
Realised	23,953	16,507	-	-
Unrealised	(787)	(483)	-	-
	23,166	16,024	-	-
Consolidation adjustments	(147,940)	(106,943)	-	-
Total retained earnings	873,018	689,176	99,980	107,629

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to profit or loss of a legal entity is deemed realised when it is resulting from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and is not made for any other purposes.

Statement By Directors

The directors of **SCIENTEX BERHAD** state that, in their opinion, the accompanying financial statements 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 the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 39 to the Financial Statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance
with a resolution of the directors,

LIM PENG JIN

LIM PENG CHEONG

Shah Alam, Selangor Darul Ehsan
24 October 2016

Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

I, **TAN HONG KOON**, being the officer primarily responsible for the financial management of **SCIENTEX BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

TAN HONG KOON

Subscribed and solemnly declared by the abovenamed
TAN HONG KOON at **KUALA LUMPUR, WILAYAH PERSEKUTUAN**
on 24th day of October 2016

Before me,
Mohd Zainal Abiddin Bin Mohd Zainuddin (W292)
Commissioner for Oaths
Kuala Lumpur
Wilayah Persekutuan

List Of Properties Held By The Group

As at 31 July 2016

Location	Description/ Existing Use	Tenure	Site Area (sq.ft.)	Built-up Area (sq.ft.)	Net Book Value RM'000	Age of Building (Year)	Year of Acquisition/ Revaluation*
Various sub-divided lots in Mukim of Pulai District of Johor Bahru State of Johor	Land for mixed development	Freehold	14,063,782	-	241,842	-	2016
GRN 38309 Lot 1608, Mukim Rawang District of Gombak State of Selangor	Land, factory buildings, office and warehouse for industrial use	Freehold	1,248,264	502,839	127,108	5 - 18	2015*
H.S. (D) 135841 P.T. No. 129324 Mukim and District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 24.02.2097	546,046	276,778	69,053	1 - 4	2015*
Taman Scientex Mukim of Plentong District of Johor Bahru State of Johor	Land for mixed development	Freehold	5,727,228	-	60,672	-	1993 - 2005
Lot No. 215, Section 15 Town of Shah Alam District of Petaling State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 27.07.2097	355,855	190,210	44,249	26 - 46	2015*
P.T. No. 125486 Mukim and District of Klang State of Selangor	Land, factory buildings, office and warehouse for industrial use	Leasehold for 99 years expiring on 24.02.2097	493,792	197,505	42,576	13 - 15	2015*
Taman Scientex Mukim of Senai District of Kulai State of Johor	Land for mixed development	Freehold	3,141,783	-	40,692	-	2012
Taman Mutiara Mas Mukim of Pulai District of Johor Bahru State of Johor	Land for mixed development	Leasehold for 991 years expiring on 03.09.2911	2,828,351	-	35,318	-	2010
GRN 205545 Lot 19010, Seksyen 20 Bandar Rawang District of Gombak State of Selangor	Land, factory buildings, office and warehouse for industrial use	Freehold	239,712	73,529	30,598	21	2015*
Taman Scientex Kulai 2 Mukim of Kulai District of Kulaijaya State of Johor	Land for mixed development	Freehold	607,946	-	27,340	-	2013

Analysis Of Shareholdings

As at 14 October 2016

Authorised Share Capital	-	RM 500,000,000
Issued and Fully Paid-Up Capital	-	RM 230,000,000
Type of Shares	-	Ordinary Shares of RM0.50 each
Voting Rights	-	One vote per shareholder on a show of hands
	-	One vote per ordinary share on a poll
No. of Shareholders	-	5,053

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100	337	6.67	10,844	0.00 ^
100 - 1,000	762	15.08	442,394	0.10
1,001 - 10,000	2,393	47.36	10,260,696	2.23
10,001 - 100,000	1,272	25.17	37,171,910	8.08
100,001 to less than 5% of issued shares	284	5.62	180,373,782	39.21
5% and above of issued shares	5	0.10	231,740,374	50.38
Total	**5,053**	**100.00**	**460,000,000**	**100.00**

Notes:-

^ *Less than 0.01.*

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
1 Lim Teck Meng	150,200	0.03	226,071,118 [A]	49.15
2 Lim Peng Jin	2,356,940	0.51	266,071,118 [B]	57.84
3 Lim Peng Cheong	228,600 [C]	0.05	250,142,118 [D]	54.38
4 Scientex Holdings Sdn Berhad	99,060,524	21.53	-	-
5 Scientex Leasing Sdn Bhd	46,562,304	10.12	-	-
6 Lim Teck Meng Sdn Bhd	37,733,356 [C]	8.20	-	-
7 TM Lim Sdn Bhd	24,384,190	5.30	-	-
8 Sim Swee Tin Sdn Bhd	24,000,000	5.22	-	-

Notes:-

[A] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Lim Teck Meng Sdn Bhd, TM Lim Sdn Bhd, Malacca Securities Sdn Bhd and Mplusonline Sdn Bhd.*

[B] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Lim Teck Meng Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Progress Innovations Sdn Bhd and Mplusonline Sdn Bhd.*

[C] *Include shareholdings held through nominee company(ies).*

[D] *Deemed interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Lim Teck Meng Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd and Paradox Corporation Sdn Bhd.*

DIRECTORS' SHAREHOLDINGS IN THE COMPANY (as per Register of Directors' Shareholdings)

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Deemed/ Indirect Interest**	**%**
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	153,880	0.03	200,000 [a]	0.04
Lim Peng Jin	2,356,940	0.51	266,101,718 [b]	57.85
Lim Peng Cheong	228,600 [c]	0.05	252,358,858 [d]	54.86
Teow Her Kok @ Chang Choo Chau	400,000	0.09	-	-
Ang Kim Swee	60,000 [c]	0.01	-	-
Cham Chean Fong @ Sian Chean Fong	-	-	-	-

Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, the Directors in office did not have any interest in shares in the Company or its related corporations.

Analysis Of Shareholdings

Notes:-

[a] *Indirect interest through Shareena Binti Mohd Sheriff.*

[b] *Deemed/indirect interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Lim Teck Meng Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Progress Innovations Sdn Bhd, Mplusonline Sdn Bhd and Lee Chung Yau.*

[c] *Include shareholdings held through nominee company(ies).*

[d] *Deemed/indirect interests through Scientex Holdings Sdn Berhad, Scientex Leasing Sdn Bhd, Lim Teck Meng Sdn Bhd, TM Lim Sdn Bhd, Sim Swee Tin Sdn Bhd, Malacca Securities Sdn Bhd, Mplusonline Sdn Bhd, Paradox Corporation Sdn Bhd, Yong Sook Lan, Lim Jian You, Lim Chia Wei and Lim Jian Yen.*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No.	Name	No. of Shares Held	%
1	Scientex Holdings Sdn Berhad	99,060,524	21.53
2	Scientex Leasing Sdn Bhd	46,562,304	10.12
3	TM Lim Sdn Bhd	24,384,190	5.30
4	Sim Swee Tin Sdn Bhd	24,000,000	5.22
5	Lim Teck Meng Sdn Bhd	23,733,356	5.16
6	Progress Innovations Sdn Bhd	16,000,000	3.48
7	UOBM Nominees (Tempatan) Sdn Bhd *- A/C Malacca Securities Sdn Bhd*	8,800,000	1.91
8	Ang Teow Cheng & Sons Sdn Bhd	8,600,000	1.87
9	Malaysia Nominees (Tempatan) Sendirian Berhad *- A/C Malacca Securities Sdn Bhd*	8,000,000	1.74
10	UOBM Nominees (Tempatan) Sdn Bhd *- A/C Lim Teck Meng Sdn Bhd*	8,000,000	1.74
11	HSBC Nominees (Asing) Sdn Bhd *- HSBC BK PLC for Asia Ex Japan Equity Smaller Companies (LXG HGIF)*	6,915,300	1.50
12	Citigroup Nominees (Asing) Sdn Bhd *- Exempt An for Citibank New York (Norges Bank 12)*	6,545,600	1.42
13	ABB Nominee (Tempatan) Sdn Bhd *- A/C Lim Teck Meng Sdn Bhd*	6,000,000	1.30
14	Citigroup Nominees (Tempatan) Sdn Bhd *- Employees Provident Fund Board (Nomura)*	5,400,000	1.17
15	Ang Seng Chin	5,000,000	1.09
16	Cartaban Nominees (Asing) Sdn Bhd *- BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund*	4,000,000	0.87
17	Saw Soon Lin	3,925,988	0.85
18	Wong Mook Weng @ Wong Tsap Loy	2,758,176	0.60
19	Yatee & Sons Sdn Bhd	2,450,166	0.53
20	Lim Peng Jin	2,356,940	0.51
21	Tokio Marine Life Insurance Malaysia Bhd *- As beneficial owner (PF)*	2,152,800	0.47
22	Cartaban Nominees (Asing) Sdn Bhd *- BBH (LUX) SCA for Fidelity Funds Asean*	1,958,500	0.43
23	Loh Hoay Chye & Sons Sdn Bhd	1,769,400	0.38
24	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *- Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund*	1,698,200	0.37
25	Citigroup Nominees (Asing) Sdn Bhd *- CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	1,611,228	0.35
26	Cartaban Nominees (Asing) Sdn Bhd *- BBH (LUX) SCA for Fidelity Funds Malaysia*	1,601,400	0.35
27	HSBC Nominees (Tempatan) Sdn Bhd *- BSI SA for Yong Sook Lan*	1,600,000	0.35
28	HSBC Nominees (Tempatan) Sdn Bhd *- HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)*	1,537,000	0.33
29	HSBC Nominees (Tempatan) Sdn Bhd *- HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)*	1,511,800	0.33
30	Minsoon Motors Sendirian Berhad	1,432,936	0.31
	Total	**329,365,808**	**71.60**

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth Annual General Meeting of the Company will be held at **Auditorium, No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan** on **Thursday, 15 December 2016** at **11.30 a.m.** for the following purposes:-

AGENDA

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.

2. To declare a single tier final dividend of 20% (10 sen per ordinary share) in respect of the financial year ended 31 July 2016. ***(Resolution 1)***

3. To re-elect Mr Cham Chean Fong @ Sian Chean Fong who retires by rotation in accordance with Article 92 of the Company's Articles of Association and being eligible, has offered himself for re-election. ***(Resolution 2)***

4. To re-elect Dato' Noorizah Binti Hj Abd Hamid who retires in accordance with Article 97 of the Company's Articles of Association and being eligible, has offered herself for re-election. ***(Resolution 3)***

5. To consider and, if thought fit, to pass the following Resolutions pursuant to Section 129(6) of the Companies Act, 1965:-

   (a) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." ***(Resolution 4)***

   (b) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Teow Her Kok @ Chang Choo Chau, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." ***(Resolution 5)***

6. To approve the payment of Directors' fees of RM310,000 for the financial year ended 31 July 2016. ***(Resolution 6)***

7. To re-appoint Messrs Deloitte as the Auditors of the Company for the financial year ending 31 July 2017 and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

8. **Ordinary Resolution I**
   Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

   "THAT subject to the provision of Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, where necessary, the Directors be and are hereby authorised from time to time to allot and issue shares in the Company at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 8)***

9. **Ordinary Resolution II**
   Proposed Renewal of Share Buy-Back Authority

   "THAT subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965 ("Act"), provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase on the market and/or hold such number of the Company's issued and paid-up ordinary shares of RM0.50 each ("Scientex Shares") through Bursa Securities ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company subject to the following:-

   (a) The maximum number of Scientex Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

   (b) The maximum fund to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained profits and/or share premium account of the Company based on its latest audited financial statements. As at 31 July 2016, the audited retained profit and share premium account of the Company were RM99,980,000 and RM104,324,000 respectively; and

(c) The authority conferred by this resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next Annual General Meeting after the date is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities.

THAT the shares purchased by the Company pursuant to the Proposed Share Buy-Back be dealt with in all or any of the following manner (as selected by the Company):-

(i) the shares so purchased may be cancelled; and/or

(ii) the shares so purchased may be retained in treasury for distribution as share dividends to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or

(iii) part of the shares so purchased may be retained as treasury shares with the remaining being cancelled; and/or

(iv) in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and to do all such acts and things as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto." ***(Resolution 9)***

10. **Ordinary Resolution III**
Retention of Independent Non-Executive Directors

(a) "THAT subject to the passing of Resolution 4, YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be retained to continue to serve as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." ***(Resolution 10)***

(b) "THAT subject to the passing of Resolution 2, Mr Cham Chean Fong @ Sian Chean Fong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be retained to continue to serve as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." ***(Resolution 11)***

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders, the proposed single tier final dividend will be paid on 13 January 2017 to shareholders whose names appeared in the Record of Depositors on 30 December 2016.

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

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 28 December 2016 in respect of shares exempted from mandatory deposit;

(b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 December 2016 in respect of ordinary transfers; and

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

By Order Of The Board

NG BOON NGEE
MAICSA 7053979
Secretary

Shah Alam
22 November 2016

Notice Of Annual General Meeting

Notes:-

1. ***Appointment of Proxy and Entitlement of Attendance***

    (i) *A member entitled to attend, speak and vote at the meeting is entitled to appoint at least one (1) proxy to attend, speak and vote in his stead and where a member appoints two (2) or more proxies, he shall specific the proportion of his shareholdings to be represented by each proxy. 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 provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

    (ii) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular securities account or omnibus account shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

    (iii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney.*

    (iv) *The form of proxy must be deposited at the Company's Registered Office at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*

    (v) *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 8 December 2016 shall be regarded as a member and entitled to attend, speak and vote at the meeting or appoint proxy to attend, speak and/or vote on his/her behalf.*

2. ***Audited Financial Statements***

    Agenda 1 is for discussion at the meeting and no voting is required.

3. ***Re-election and re-appointment of Directors***

    Save for Dato' Noorizah Binti Hj Abd Hamid who appointed on 7 November 2016, the Directors who subject to re-election or re-appointment have been assessed by the Board through Nomination Committee.

4. ***Directors' Fees***

    The Remuneration Committee and Board of Directors have reviewed the Directors' fees after taking into account the performance and continuing growth of Scientex Group.

5. ***Explanatory Notes on Special Business:-***

    (i) ***Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965***

    Resolution 8, if passed, will empower the Directors to allot and issue shares up to a maximum of ten percent (10%) of the total issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

    As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 17 December 2015 and which will lapse at the conclusion of the Forty-Eighth Annual General Meeting.

    This is a renewal of general mandate, if approved, will provide flexibility to the Company to avoid any delay and cost in convening a general meeting for such issuance of shares for any possible fund raising exercise(s), including but not limited to placing of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s) and/or for general corporate purposes and/or any strategic reasons.

    (ii) ***Proposed Renewal of Share Buy-Back Authority***

    Resolution 9, if passed, will empower the Company to purchase and/or hold the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority, unless renewed, revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 22 November 2016, which is dispatched together with the Company's Annual Report 2016.

    (iii) ***Retention of Independent Non-Executive Directors***

    Resolutions 10 and 11 are proposed pursuant to the Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and if passed, will allow YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim and Mr Cham Chean Fong @ Sian Chean Fong to be retained and continue acting as the Independent Non-Executive Directors of the Company. The justifications and recommendations for the retention are set out in pages 48 and 49 of the Statement on Corporate Governance in the Company's Annual Report 2016.

6. ***Poll Voting***

    Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

Statement Accompanying Notice Of Annual General Meeting

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

1. **Details of individuals who are standing for election as Directors**

   No individual is seeking election as Director at the forthcoming Forty-Eighth Annual General Meeting of the Company.

2. **Statement relating to the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements**

   The details of the general mandate are set out in the Notice of Annual General Meeting dated 22 November 2016 under item (i) of the Explanatory Notes on Special Business.

FORM OF PROXY

SCIENTEX
healthy, friendly & happy ...

SCIENTEX BERHAD
(Company No. 7867-P)
(Incorporated in Malaysia)

I/We ______________________ I.C. No./Passport No./Company No. ______________________

Contact/ Mobile Phone No. ______________________ CDS Account No. ______________________

Number of Shares Held ______________________ of ______________________

____

being a member/members of SCIENTEX BERHAD hereby appoint:-

i) Name of Proxy "A": ______________________ I.C. No./Passport No. ______________________

Address: ____

______________________ Number of Shares Represented: ______________________

ii) Name of Proxy "B": ______________________ I.C. No./Passport No. ______________________

Address: ____

______________________ Number of Shares Represented: ______________________

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us and on my/our behalf at the Forty-Eighth Annual General Meeting of the Company to be held at **Auditorium, No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan** on **Thursday, 15 December 2016** at **11.30 a.m.** or at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	PROXY A		PROXY B	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the declaration of a single tier final dividend of 20% (10 sen per ordinary share).				
2.	To re-elect Mr Cham Chean Fong @ Sian Chean Fong as Director of the Company.				
3.	To re-elect Dato' Noorizah Binti Hj Abd Hamid as Director of the Company.				
4.	To re-appoint YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim as Director of the Company.				
5.	To re-appoint Mr Teow Her Kok @ Chang Choo Chau as Director of the Company.				
6.	To approve the payment of Directors' fees of RM310,000.				
7.	To re-appoint Messrs Deloitte as the Auditors of the Company and to authorise the Directors to fix their remuneration.				
8.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.				
9.	To approve the Proposed Renewal of Share Buy-Back Authority.				
10.	To retain YBhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim to continue to serve as Independent Non-Executive Director of the Company.				
11.	To retain Mr Cham Chean Fong @ Sian Chean Fong to continue to serve as Independent Non-Executive Director of the Company.				

Please indicate with (✓) how you wish your vote to be cast. In the absence of specific instruction, your proxy/proxies will vote or abstain from voting at his/her discretion.

Dated this ____________ day of ____________________ 2016.

____
Signature of Member(s)

Notes:-

1. *A member entitled to attend, speak and vote at the meeting is entitled to appoint at least one (1) proxy to attend, speak and vote in his stead and where a member appoints two (2) or more proxies, he shall specific the proportion of his shareholdings to be represented by each proxy. 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 provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of two (2) or more proxies in respect of any particular securities account or omnibus account shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or the hand of its attorney.*
4. *The form of proxy must be deposited at the Company's Registered Office at No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*
5. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 8 December 2016 shall be regarded as a member and entitled to attend, speak and vote at the meeting or appoint proxy to attend, speak and/or vote on his/her behalf.*
6. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions will be put to vote by poll.*

Fold this flap for sealing

2nd fold here

Affix
Stamp
Here

COMPANY SECRETARY

SCIENTEX BERHAD (7867-P)

No. 9, Persiaran Selangor

Seksyen 15, 40200 Shah Alam

Selangor Darul Ehsan, Malaysia

1st fold here

SCIENTEX BERHAD
(7867-P)
No. 9, Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel: +603-5519 1325 (Hunting Line) Fax: +603-5519 1884, 5510 4378
Website: www.scientex.com.my

SCIENTEX®
healthy, friendly & happy ...