ASIA BRANDS

ASIA BRANDS BERHAD
annual report

2016

CONTENTS

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting of the Company will be held at the Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Friday, 26 August 2016 at 9.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. **To approve the payment of Directors' fees for the financial year ended 31 March 2016.** **(Resolution 1)**

3. **To re-elect Mr. Cheah Yong Hock, who retires by rotation pursuant to Article 102 of the Company's Articles of Association.** **(Resolution 2)**

4. To appoint Messrs. UHY as Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath and to authorise the Directors to fix their remuneration. **(Resolution 3)**

   Notice of Nomination of Auditors pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on page 6 in the Annual Report 2016 has been received by the Company for the appointment of Messrs. UHY who have given their consent to act as new auditors of the Company and of the intention to propose the following ordinary resolution:-

   "That Messrs. UHY, having consented to act, be and are hereby appointed as the auditors of the Company in place of the retiring auditors, Messrs. Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be agreed between the Directors and Auditors."

As Special Business

5. **To consider and, if thought fit, to pass the following Ordinary and Special Resolutions with or without modifications:-**

ORDINARY RESOLUTION 1

- AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

THAT subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 132D of the Act, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company. (Resolution 4)

ORDINARY RESOLUTION 2

- PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY BACK OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

THAT subject always to the Companies Act, 1965 ("the Act"), the rules, regulations and orders made pursuant to the Act (as may be amended, modified or re-enacted from time to time), the provisions of the Memorandum and Articles of Association ("M&A") of the Company, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by the law, to purchase and/or hold, from time to time, and at any time, such amount of ordinary shares of RM1.00 each in the Company's issued and paid up share capital as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time; and

(ii) **the maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate of the retained profits and/or share premium of the Company based on the latest audited financial statement** and/or the latest management accounts of the Company (where applicable) available.

That the Directors of the Company be and are hereby authorised to deal with the shares purchased in their **absolute discretion in the following manners:-**

(a) **cancel all the purchased ordinary shares; and/or**

(b) **retain the purchased ordinary shares as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities; and/or**

(c) **retain part of the purchased ordinary shares as treasury shares and cancel the remainder.**

THAT the authority conferred by this resolution shall continue to be in force until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting of the Company.

whichever occurs first;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary and/or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any), as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the M&A of the Company, the Main LR of Bursa Securities, and all other relevant governmental and/or regulatory authorities. (Resolution 5)

SPECIAL RESOLUTION
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

THAT the proposed amendments, modifications, additions or deletions to the Articles of Association of the Company as set out below ("Proposed Amendments) be and are hereby approved and adopted; AND THAT the Board of Directors be and are hereby authorised to execute all relevant documents and to do all acts and things as deemed necessary to give full effect to the Proposed Amendments to the Articles of Association of the Company:-

Article No.	Existing Articles	Article No.	Proposed Articles
138	**Presentation of accounts**	138	**Presentation of accounts**
	The Directors shall from time to time in accordance with section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of such annual audited accounts, the directors' and auditors' report of the Company shall not exceed four (4) months. A copy of each such documents shall not less than fourteen (14) clear days (exclusive both of the day on which the notice is served or deemed to be served and of the day for which notice is given) before the date of the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Presents. The requisite number of copies of each such document as may be required by the Exchange from time to time shall at same time be likewise sent to each Exchange upon which the Company's shares are listed. Provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office.		The Directors shall from time to time in accordance with section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Act. ~~The interval between the close of a financial year of the Company and the issue of such annual audited accounts, the directors' and auditors' report of the Company shall not exceed four (4) months.~~ A copy of each such documents shall not less than fourteen (14) clear days (exclusive both of the day on which the notice is served or deemed to be served and of the day for which notice is given) before the date of the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Presents. The requisite number of copies of each such document as may be required by the Exchange from time to time shall at same time be likewise sent to each Exchange upon which the Company's shares are listed. Provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office.

Article No.	Existing Articles	Article No.	Proposed Articles
138A	**ISSUANCE OF ANNUAL REPORT**	138A	**ISSUANCE OF ANNUAL REPORT**
	Subject to Article 138 and compliance with the requirements of the Exchange and any other relevant laws and regulations, if any, the Company may issue its annual report in compact disc read-only memory ("CD-ROM") or digital versatile disc read-only memory ("DVD-ROM") format or in a format that may be developed in future for the playback of images. Without prejudice to other provisions relating to issuance of annual reports, the Company may issue its annual report in CD-ROM to its shareholders provided it complies with the following: (a) the company must provide a printed copy of its annual report to its shareholders upon the shareholder's request, whether verbal or written; (b) the Company must designate a person to attend to the shareholders' requests as stated in subparagraph (a) above; (c) the Company must ensure that a hard copy of the annual report is forwarded to the shareholder requesting the same within 4 market days from the date of receipt of the request; **(d) the Company must designate person(s) to answer queries from shareholders relating to the use of the CD-ROM;** **(e) together with the CD-ROM annual report, the Company must issue hard copies of the notice of the annual general meeting, the proxy form and the following documents to its shareholders:** (i) a note containing the following statement or information: (aa) the Company shall forward a hard copy of the annual report to the shareholder within 4 market days from the date of receipt of the verbal or written request; and (bb) the Company's web-site and/ or email address, name(s) of designated person(s) attending to shareholders' request and queries and contact number(s); and (ii) a request form to enable the shareholder to request for the annual report in hard copy, with the particulars of the Company's facsimile number and mailing address.		**Subject to Article 138 and compliance with the requirements of the Exchange and any other relevant laws and regulations, if any, the Company may issue its annual report in ~~compact disc read-only memory ("CD-ROM") or digital versatile disc read-only memory ("DVD-ROM")~~ electronic format or in such other form of electronic media permitted under the Listing Requirements. ~~in a format that may be developed in future for the playback of images.~~** **Without prejudice to other provisions relating to issuance of annual reports, the Company may issue its annual report in electronic format ~~CD-ROM~~ to its shareholders provided it complies with the following:.** (a) **the company must provide a printed copy of its annual report to its shareholders upon the shareholder's request, whether verbal or written;** (b) **the Company must designate a person to attend to the shareholders' requests as stated in subparagraph (a) above;** (c) the Company must ensure that a hard copy of the annual report is forwarded to the shareholder requesting the same within 4 market days from the date of receipt of the request; (d) **the Company must designate person(s) to answer queries from shareholders relating to the use of the electronic format ~~CD-ROM~~;** (e) together with the ~~CD-ROM~~ annual report in electronic format, the Company must issue hard copies of the notice of the annual general meeting, the proxy form and the documents to its shareholders: (i) a note containing the following statement or information: (aa) the Company shall forward a hard copy of the annual report to the shareholder within 4 market days from the date of receipt of the verbal or written request; and (bb) the Company's web-site and/ or email address, name(s) of designated person(s) attending to shareholders' request and queries and contact number(s); and (ii) a request form to enable the shareholder to request for the annual report in hard copy, with the particulars of the Company's facsimile number and mailing address.

(Resolution 6)

6. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
29 July 2016

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 August 2016 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at this Meeting.*

2. *A member entitled to attend and vote at this Meeting is entitled to appoint any person as his proxy to attend and vote instead of him. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.*

3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. There shall be no restriction as to the qualifications of the proxy.*

4. *Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

6. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

7. *If a corporation is a member of the Company, it may vote by any person authorised by resolution of its directors or other governing body to act as its representative at any meeting in accordance with Article 75 of the Company's Articles of Association.*

8. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised and shall be deposited with the power of attorney or other authority (if any) at the registered office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding this Meeting or adjourned meeting at which the person named in such proxy proposes to vote and in default the proxy shall not be treated as valid. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.*

Explanatory Notes: -

1. Item 1 of the Agenda

   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Resolution 4

   The proposed adoption of Ordinary Resolution 1 is for the purpose of seeking a renewal for the general mandate to empower the Directors of the Company pursuant to Section 132D of the Companies Act, 1965, from the date of the above Meeting, to issue and allot ordinary shares of not more than ten percent (10%) from the unissued share capital of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next Annual General Meeting of the Company.

   This authority will provide flexibility and enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

   As at the date of this Notice, no new shares in the Company were issued under the provision of the general mandate granted to the Directors at the Fortieth Annual General Meeting held on 18 August 2015, which will lapse at the conclusion of the Forty-First Annual General Meeting. Hence, no proceeds were raised therefrom.

Notice of 41st Annual General Meeting (cont'd)

Explanatory Notes: - (cont'd)

3. Resolution 5

   The proposed adoption of Ordinary Resolution 2, if passed, is to renew the authority granted by the shareholders of the Company at the Fortieth Annual General Meeting held on 18 August 2015. The proposed renewal of the general mandate will empower the Directors to purchase the Company's shares up to ten percent (10%) of the issued and paid up capital of the Company by utilizing the retained profits and/or the share premium accounts of the Company. This authority will, unless revoked or varied by the shareholders of the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

4. Resolution 6

   The proposed adoption of Special Resolution is primarily to align the Company's Articles of Association with the recent amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as well as to enhance administrative efficiency.

Notice of Nomination of Auditors

EVEREST HECTARE

21 July 2016

The Board of Directors
Asia Brands Berhad
Lot 10449, Jalan Nenas Batu 4½,
Kampung Jawa, 41000 Klang,
Selangor Darul Ehsan.

Dear Sirs,

ASIA BRANDS BERHAD ("ABB" or "the Company")
NOTICE OF NOMINATION OF AUDITORS

We, the undersigned, being a registered shareholder of 45,139,477 ordinary shares of RM1/- each fully paid-up in the capital of the Company, hereby nominate pursuant to Section 172 (11) of the Companies Act, 1965, Messrs. UHY for appointment as new Auditors of the Company in place of the retiring auditors, Messrs. Crowe Horwath at the forthcoming Annual General Meeting of ABB.

Therefore, we propose that the following ordinary resolution be considered at the forthcoming Annual General Meeting of ABB:-

"That Messrs. UHY, having consented to act, be and are hereby appointed as the auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath, and to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be agreed between the Directors and the Auditors."

Yours faithfully,

Everest Hectare Sdn. Bhd.

ASIA BRANDS

Asia Brands Berhad (22414-V)

BABY PRODUCTS

Anakku Sdn Bhd (100%)
(251823-V)

- **Baby Palace Sdn Bhd** (100%)
  (945470-T)
- **Generasi Prestasi Sdn Bhd** (100%)
  (285352-X)

CASUALWEAR

B.U.M. Marketing (Malaysia) Sdn Bhd (100%)
(265399-P)

- **Generasi Cerdas Sdn Bhd** (100%)
  (1037512-P)
- **Generasi Fesyen Aktif Sdn Bhd** (100%)
  (1071782-K)

INNERWEAR

Audrey Sdn Bhd (100%)
(127557-H)

- **Generasi Dinasti Sdn Bhd** (100%)
  (378890-X)

SHARED SERVICE

Asia Brands HR Services Sdn Bhd (100%)
(252394-M)

DORMANT

Asia Brands Global Sdn Bhd *(100%) (28583-U)*

Diesel Marketing Sdn Bhd *(100%) (163031-U)*

Ubay Marketing Sdn Bhd *(100%) (600899-A)*

Antioni Sdn Bhd *(100%) (272511-U)*

Bumcity Sdn Bhd *(100%) (514321-H)*

Asia Brands Assets Management Sdn Bhd *(100%) (41441-H)*

Mickey Junior Sdn Bhd *(100%) (266617-P)*

Bontton Sdn Bhd *(100%) (272512-V)*

Astra Brands Sdn Bhd *(100%) (1083344-H)*

Ng Chin Huat
Non-Independent
Non-Executive Chairman

Ng Chin Huat, male, aged 46, Malaysian, is the Non-Independent Non-Executive Chairman of the Company and a member of the Audit Committee and the Nomination and Remuneration Committee.

Mr Ng was appointed to the Board on 1 March 2011. He holds a Bachelor of Commerce (Actuarial) degree from the University of Melbourne, Australia. Upon graduation in 1991, he worked as an Actuarial trainee in Prudential Singapore for two (2) years. Thereafter, he moved into the stock-broking industry in 1993, gaining employment with HLG Securities, Malaysia.

Mr Ng joined Audrey International (M) Berhad in 1999 as an Executive Director and was subsequently promoted to Group Managing Director in 2002. In 2010, Mr Ng assumed the role of the Group Chairman of the same company.

Apart from the above, Mr Ng does not hold directorships in other public companies but holds directorships in several other private limited companies.

Mr Ng is a substantial shareholder of the Company by virtue of his and his spouse, Madam Yap Su P'ing's direct interest in Everest Hectare Sdn Bhd, a substantial shareholder of the Company, via Section 6A of the Companies Act, 1965. Mr Ng is also related to Ng Tiong Seng Corporation Sdn Bhd ("NTSC"), a substantial shareholder of the Company, by virtue of NTSC being a family-owned company. Mr Ng has no conflict of interest with the Company and has not been convicted of any offences within the last 10 years.

Mr Ng attended all the Board meetings held during the financial year ended 31 March 2016.

Cheah Yong Hock
Group Chief Executive Officer

Cheah Yong Hock, male, aged 54, Malaysian, is the Group Chief Executive Officer of the Company. He was appointed to the Board on 15 August 2011. Prior to joining the Group, Mr Cheah joined Asia Brands Corporation Berhad in 2003 as General Manager, and was sub-sequently promoted to Chief Executive Officer in 2010.

Mr Cheah graduated in marketing and is a member of the Chartered Institute of Marketing United Kingdom. He is also a member of VISTAGE, the world's leading Chief Executive organisation.

Mr Cheah has more than 24 years of extensive experience in the marketing business ranging from retailing for supermarket chains to sales and marketing of mass customer products. Mr Cheah has held key positions in multi-national companies such as Kiwi Brands (M) Sdn Bhd and Guinness Anchor Marketing Sdn Bhd. He was also the National Sales Manager of Socma Trading (M) Sdn Bhd *(a subsidiary of PSC Ltd in Singapore)* in charge of selling and distribution of Mentos in Malaysia.

Mr Cheah does not hold directorships in other public companies. He currently holds directorships in the subsidiary companies.

Mr Cheah does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company. He is a shareholder of the Company. He has not been convicted of any offences within the last 10 years. Mr Cheah attended all Board meetings held for the financial year ended 31 March 2016.

Kong Sau Kian
Senior Independent Non-Executive Director

Kong Sau Kian, male, aged 52, Malaysian, is a Senior Independent Non-Executive Director of the Company. Mr Kong is the Chairman of the Audit Committee, and a member of the Nomination and Remuneration Committee.

Mr Kong was appointed to the Board on 1 March 2011. He is a member of the Malaysian Institute of Accountants, graduating with a Bachelor of Accounting (Honours) degree from the University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm, until 1992 where his exposure included audit of a wide range of industries, corporate restructuring, acquisition audit and other special assignments.

Mr Kong also sits on the board of LBI Capital Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, as an Executive Director. He also holds directorships in several other private limited companies.

Mr Kong does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with the Company and does not hold any shares in the Company and its subsidiary companies. He has not been convicted of any offences within the last 10 years.

Mr Kong attended all Board meetings held during the financial year ended 31 March 2016.

Lim Kim Meng
Independent Non-Executive Director

Lim Kim Meng, male, aged 45, Malaysian, is an Independent Non-Executive Director of the Company. Mr Lim is also the Chairman of the Nomination and Remuneration Committee, and a member of the Audit Committee.

Mr Lim was appointed to the Board on 1 March 2011. He graduated with a Second Class Honours Bachelor of Laws Degree from the University of London and completed his Certificate of Legal Practice in 1994. He is the Managing Partner of Kamil Hashim Raj & Lim, Advocates & Solicitors. His professional experience includes being a member of the Malaysia Financial Markets Association, holding the position of licensed foreign exchange and money market dealer at Southern Bank Berhad (1994-1997) and Institutional Sales Dealer and Licensed KLSE Equities Dealer with HLG Securities (1997-1998).

Mr Lim does not hold directorships in other public companies.

Mr Lim does not have any family relationship with any Director and/or major shareholder nor any conflict of interest with the Company. He does not hold any shares in the Company and its subsidiary companies. He has not been convicted of any offences within the last 10 years.

Mr Lim attended all Board meetings held during the financial year ended 31 March 2016.

Cheah Yong Hock
Group Chief Executive Officer

Cheah Yong Hock, is the Chief Executive Officer of the Group. He was appointed as the CEO in 2010.

Mr Cheah graduated with a Chartered Institute of Marketing, United Kingdom. He has more than 24 years of extensive experience in this field, ranging from retailing for supermarket chains to sales and marketing of mass customer products. He has held key positions in multi-national companies such as Kiwi Brands (M) Sdn Bhd and Guinness Anchor Marketing Sdn Bhd. Prior to joining the Group, he was the National Sales Manager of Socma Trading (M) Sdn Bhd *(a subsidiary of PSC Ltd in Singapore)* in charge of the selling and distribution of Mentos in Malaysia.

Lee Yik Loong
Group Chief Operating Officer

Lee Yik Loong, is the Chief Operating Officer of the Group and was appointed to his current position in April 2014. Mr Lee is responsible for the Group's overall daily operations and execution of business strategies.

Mr Lee graduated from Flinders University of South Australia with a Bachelor of Economics in 1998 and started his career with Guinness Anchor Marketing Sdn Bhd as Area Sales Manager. Prior to joining the Group, Mr Lee was attached to Nestle Products Sdn Bhd for 12 years where he held various leading positions in the company. Mr Lee has extensive experience in sales and operation field covering areas such as trade marketing, product distribution and sales operations management.

Lee Yean Fung
Group Chief Operating Officer

Lee Yean Fung,is the Chief Operating Officer of the Group. She joined the Group in October 1997 as Marketing Executive and was promoted to various leadership roles throughout the years. She was then appointed as the Chief Executive Officer of B.U.M. Marketing (Malaysia) Sdn Bhd in 2013, before assuming her current role in November 2014.

Ms Lee graduated with a Bachelor of Business Administration from the University of Central Oklahoma, USA. Ms Lee has been involved in the lingerie industry for the past 15 years covering various roles including sales operations, trade marketing, retail and procurement. Prior to joining the Group, Ms Lee was attached to General Label & Labelling Malaysia, a company involved in printing and labelling industry.

Daniel Kok Tai Meng, is the Chief Financial Officer of the Company. He joined the group in February 2009 as Senior Finance Manager and was promoted to his current position in 2011.

Mr Kok is a fellow-member of the Association of Chartered Certified Accountants, United Kingdom, and also a member of the Malaysian Institute of Accountants. He is responsible for the Group's overall financial health and position as well as providing key analysis to drive value added decision making to the group's corporate strategies. Mr Kok started his career as an auditor with Lim, Cheh and Chang Public Accountants. He later joined L'Oreal Malaysia Sdn Bhd where he had gained exposure in finance and business operations and controlling. Subsequently, he joined F&N Coca Cola Sdn Bhd overlooking commercial controls for Modern Trade.

Daniel Kok Tai Meng
Chief Financial Officer

Jasmine Chew Siew Chin, is the Chief Marketing Officer of the Company. Ms Chew was appointed to her current position in January 2015. She joined the Group in 2005 as Trade Marketing Manager and was promoted to General Manager of Anakku Sdn Bhd in 2009 and then subsequently appointed as the Chief Executive Officer of Anakku Sdn Bhd in April 2013.

Ms Chew graduated with a Bachelor of Business Administration from Heriot Watt University, Edinburgh. Ms Chew is responsible for overall group marketing strategic initiatives and brand direction. Prior to joining the Group, Ms Chew was attached to Unilever Holdings Sdn Bhd for 10 years. Her experience in Unilever included key accounts management, trade marketing, merchandising and category management.

Jasmine Chew Siew Chin
Chief Marketing Officer

Chong Aie Nee, is the General Manager of Audrey Sdn Bhd. She joined the group in 1999 as a Marketing Executive and was subsequently promoted to her current position in 2013.

Ms Chong graduated with a Bachelor of Management from Universiti Sains Malaysia. Ms Chong is responsible for overall business and financial performance of Audrey Sdn Bhd. Prior to joining the Group, Ms Chong was attached to Zurich Insurance Malaysia *(formerly known as MAA Assurance Alliance Berhad)* for 1 year. Her experience includes key accounts management for existing corporate clients and prospecting new clients.

Chong Aie Nee
General Manager

BOARD OF DIRECTORS

Ng Chin Huat
(Chairman/Non-Independent Non-Executive Director)
Cheah Yong Hock
(Group Chief Executive Officer)
Kong Sau Kian
(Senior Independent Non-Executive Director)
Lim Kim Meng
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman:
Kong Sau Kian

Members:
Ng Chin Huat
Lim Kim Meng

NOMINATION AND REMUNERATION COMMITTEE

Chairman:
Lim Kim Meng

Members:
Ng Chin Huat
Kong Sau Kian

SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)

REGISTERED AND BUSINESS OFFICE

Lot 10449, Jalan Nenas,
Batu 4½, Kampung Jawa,
41000 Klang, Selangor Darul Ehsan.
Tel: 03-5161 8822
Fax: 03-5161 2728
Email: mail@asiabrands.com.my
Website: www.asiabrands.com.my

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(Company No. 36869-T)
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2084 9000
Fax: 03-2094 9940

SOLICITORS

K. H. Tai & Co
Kington Tan Dzul

BANKERS

Malayan Banking Berhad
RHB Bank Berhad
Ambank (M) Berhad
AmIslamic Bank Berhad
Al Rajhi Banking & investment Corporation (M) Berhad
Kenanga Investment Bank Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE AND STOCK NAME

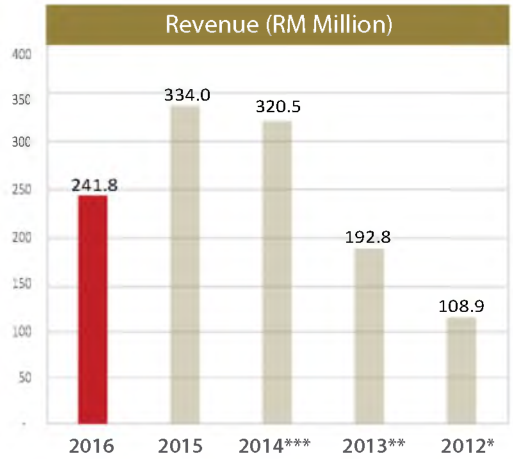
Stock Code : 7722
Stock Name : ASIABRN

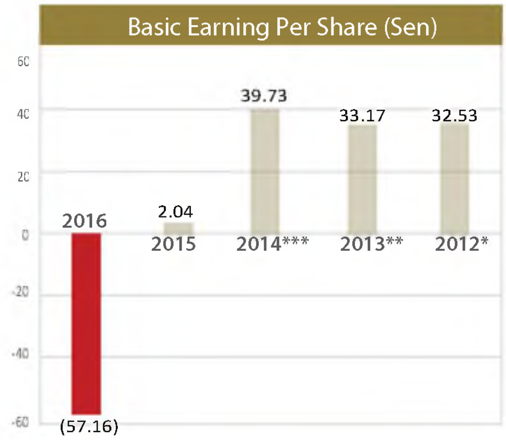
AUDITORS

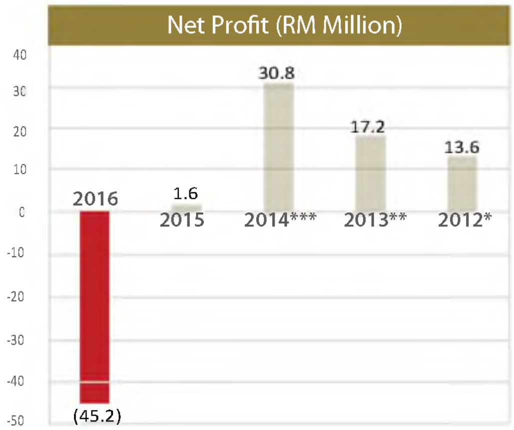
Crowe Horwath (AF: 1018)
Level 16, Tower C,
Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur,
Wilayah Persekutuan.
Tel: 03-2788 9999
Fax: 03-2788 9998

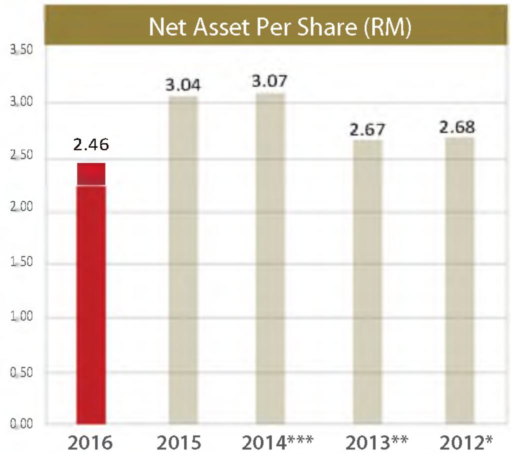
	2016 RM'000	2015 RM'000	2014*** RM'000	2013** RM'000	2012* RM'000
Revenue	241,821	334,006	320,464	192,774	108,929
Net (Loss) / Profit	(45,222)	1,614	30,811	17,200	13,597
Paid-up Share Capital	79,117	79,117	79,117	71,925	41,787
Shareholders' Funds	194,658	240,276	242,617	191,761	111,852

Per share	2016	2015	2014***	2013**	2012*
Basic (Loss) / Earnings (sen)	(57.16)	2.04	39.73	33.17	32.53
Gross Dividend (sen)	-	0.5	5.0	5.0	5.0
Net Assets (RM)	2.46	3.04	3.07	2.67	2.68









* The Group changed its financial year end from 30 June to 31 March with effect from financial period from 1 July 2011 to 31 March 2012. The results tabled are for the financial period of 9 months .

** During the financial year the Company issued of 30,137,615 units of ordinary shares on 30/11/2012.

*** During the financial year, the Company issued of 7,192,400 units of ordinary shares on 19/6/2013.

FYE 2016 was a humbling year for us. We cannot deny we paid the price of mistiming our retail expansion two years ago resulting in heavy losses suffered this year as consumer spending dropped drastically. We will implement plans to continually bring our inventory down and to keep focus on growing our core brands and profitable channels.

Ng Chin Huat Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of **Asia Brands Berhad** for the financial year ended (FYE) 31 March 2016.

FYE 2016. A Forgettable Year.

FYE 2016 proved to be a very challenging year for the Group. The full impact of the Goods and Services Tax (GST) had resulted in the weakening of consumer demand across most retail sectors. This had severely impacted the Group's performance across all three of our major business divisions - baby products, innerwear and casualwear. The situation was exacerbated by the weakening of Ringgit which plunged from 3.50 versus the Dollar in April 2015 to a low of 4.45 during the year. The contagion effect had resulted in a much higher cost of goods than we had anticipated at the beginning of the financial year.

The most challenging aspect during this period was learning how to respond to a rapidly weakened consumer market. Most businesses go through the up and down cycles and ours is no different. However, unlike previous down cycles, the severity of this slowdown in consumer spending coupled with rapidly rising cost of operations at the same time created challenging roadblocks which we had to quickly grapple with. As an immediate counter measure, we decided to close down underperforming outlets in order to prevent further losses. A total of 44 stand-alone outlets, 93 consignment outlets and 1 large format store, representing 9.6% of all outlets, were closed during the year under review. As a result, some fixed assets were written off and impairment was made to inventory which contributed to a much weaken Income Statement.

As further measures, we decided that we needed to streamline the number of brands in our portfolio, which numbered about 30 at one point. As such, we discontinued several international licensed brands such as ***Manchester United***, ***Union Bay*** and ***Elle Lingerie*** in order to reinvest our resources in our core brands - ***Anakku*** and ***Audrey***. This move has enabled us to further lower our inventory.

The baby product division remained our biggest revenue contributor with 54% share of the Group's total revenue in the current financial year under review, followed by casualwear and innerwear divisions which accounted for the remaining 27% and 19% respectively.

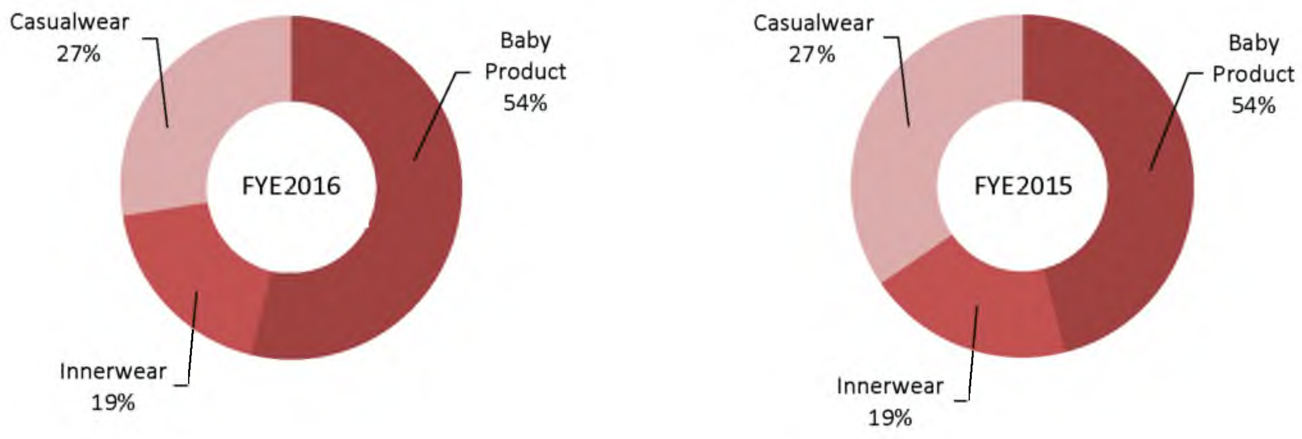


Diagram 1 : Sectoral breakdown by revenue

Results. An Unprecendented Loss.

The Group's revenue for the financial year ended 31 March 2016 was RM241.8 million, which was RM92.2 million or 27.6% lower than previous year's revenue of RM334.0 million. Against the backdrop of poor market sentiment, steep sales discounts offered by competitors and higher cost of goods due to a weakened Ringgit, we recorded an unprecedented net loss of RM45.2 million as compared to a profit before tax of RM6.6 million for the corresponding period last year.

Loss per share was at 57.16 sen for the current financial year as compared to earning per share of 2.04 sen in the previous year. Total shareholders fund stands at RM194.7 million for the year compared to RM240.3 million last year.

In order to improve our cash flow, we had previosly promised to bring down our inventory level. On this end, the management duly delivered, as we reduced our inventory level to RM136.3 million from RM160.7 million, a reduction of RM24.4 million or 15.2%.

Total borrowings of the Group amounted to RM168.9 million as at 31 March 2016, comprising short-term bankers acceptance facilities, overdraft and sukuk loan of RM130 million. We incurred interest charge totalling RM8.8 million during the financial year under review.

Total inventory written-off amounted to RM4.0 million compared to RM3.2 million last year. Total allowance of impairment for doubtful debts amounted to RM8.0 million as compared to RM 0.3 million last year.

Corporate Development.

There was no significant corporate development during the financial year under review.

Dividend.

Due to an unprecendented loss during the year, the Board had deliberated and decided not to propose any dividend at the forthcoming Annual General Meeting.

Outlook. Back to Basic.

FYE 2016 was a humbling year for us. We cannot deny we paid the price of mistiming our retail expansion two years ago resulting in heavy losses suffered this year as consumer spending dropped drastically. We will implement plans to continually bring our inventory down and to keep focus on growing our core brands and profitable channels.

Going forward, we expect the market as a whole to have adjusted to the higher post-GST prices and we are also hopeful that consumer spending will slowly recover along the way. An improved Ringgit is a good possibility and shall be a positive factor as it may lead to lower cost of goods. Despite all these, we are realistic that there will be further headwinds and we are prepared to face any challenges ahead. We remain optimistic in the country's overall economy and will continue to look out for opportunities to improve the Group's earnings.

Number of Stores

	Number of Stores
consignment outlets	1,095
stand-alone outlets	205
large format stores	3

Table 1 : Number of Consignment & Stand-alone Stores

Biggest Appreciation.

This year proved to be our most challenging year. We must regroup and I have confidence that our team will be able to rise up to the challenge and move forward I would like to take this opportunity to thank everyone involved for their continued excellence and outstanding work during the past year. My appreciation extends to my fellow Directors, customers, collaboration partners and suppliers, bankers, advisors and shareholders for their continuous support.

Ng Chin Huat
Chairman

BABY PRODUCTS DIVISION

CASUALWEAR DIVISION

INNERWEAR DIVISION

At **Asia Brands**, we believe that Corporate Social Responsibility (CSR) should be a long-term commitment and a seamless culture within a corporation. Not only should companies practice accountability, honesty and transparency in the conduct of their businesses, they should also uphold a fair degree of social responsibility in contributing towards the well-being of their employees as well as the welfare of the community as a whole.

INTERNAL CSR

Employee Training and Welfare

The Group recognises the importance of our employees as the most valuable asset. The Group constantly conducts various in-house and external training programsto enhance technical competencies as well as supervisory leadership skills in order to develop and maintain a competent workforce.

This year was no different as managers from various divisions and invited guests from Aeon Group attended the *Dialogue in the Dark* business workshop, which helped the participants to develop teamwork, communications and leadership skills. We believe such training sessions can benefit the Group's productivity as well as the well-being of our employees and the community. Medical and hospitalisation insurance are subscribed annually to cover employees' health screening and medical needs.

Safe and Healthy Working Environment

The Group strives to maintain a safe and healthy working environment for all our employees. Preventive procedures and programs such as fire evacuation exercises and safety trainings are conducted from time to time to create a high level of safety awareness among the employees. Inspection of the office buildings, including warehouses, are conducted regularly to prevent fire and industrial accidents.

COMMUNITY

Social Responsibilities

Asia Brands understands the importance of maintaining a responsible role as a corporate member in the conduct of its business and in fulfilling its corporate and social obligations. We recognise our responsibility to make a positive impact in the community which we operate in. Realising this, we always work on integrating CSR as part of the Group's business activities and to instil a culture of social responsibility in all aspects of our business. During the year, the Group's philanthropic activities were focused on two core pillars – EDUCATION and COMMUNITIES which saw the Group took part in various relevant activities.

Dialogue in the Dark

The Group continued to support Dialogue in the Dark Malaysia, a social enterprise outfit that champions the plight of the visually impaired society. The Dialogue in the Dark concept brings visitors to the centre on a group tour led by guides who are visually impaired, through specially constructed dark rooms in which scent, sound, wind, temperature and texture convey the characteristics of daily environment, thus creating a reversal of roles and new experiences for participants.

Contributions to Orphanage

Anakku sponsored 40 goodie bags for orphans from Sekolah Bimbingan Jalinan Kasih (SBJK) and Rumah Amal Kasih Bestari, Subang Jaya. This project was in collaboration with one of our trade partners, Mydin's CSR initiative entitled Majlis Rumah Terbuka - Girang Syawal Tiba 2015 held at Mydin Mall, Subang Jaya.

Cyber Crimes Program - Onemyr Awareness Management

Asia Brands sponsored 50 T-shirts for students from Sekolah Menengah Kebangsaan Guar Perahu Indah, Permatang Pauh, Pulau Pinang and Sekolah Menengah Kebangsaan Bukit Jana, Perak, who participated in a cyber crime awareness program organised by Onemyr Awareness Management.

CORPORATE SOCIAL RESPONSIBILITY

The true spirit

EMPOWER

is about grit and tenacity

Director's Responsibility Statement In Relation To The Financial Statements

The financial statements of the Company and Group have been drawn up in accordance with the provisions of the Companies Act, 1965, applicable financial reporting standards and approved accounting standards in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2016 and of the results and the cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 31 March 2016, the Directors have:-

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

The Directors are also responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy, at any time, of the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

The Board of Directors ("the Board") of Asia Brands Berhad ("ABB" or the "Company") is committed to uphold the high standards of corporate governance in conducting the affairs of the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism as a fundamental part to protect and enhance long-term shareholders value. The Board commits to ensure that a sound framework of best practices of good corporate governance as prescribed in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") is generally implemented and in place at all levels of the Group's businesses to protect and enhance long-term shareholders' value and all stakeholders' interest.

The Board is pleased to report to the shareholders that the best practices of good governance having regards to the Recommendations stated under each Principle in the MCCG 2012, have generally been practiced within the Group throughout the financial year ended 31 March 2016.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(a) Establish clear functions reserved for the Board and those delegated to Management

The Board is responsible for the stewardship of business and affairs of the Company in order to enhance long-term shareholders' value. The Board is fully aware and understand their collective responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders' value.

The Executive Directors are directly responsible for the day-to-day management of the business and operations, for procuring new business and for the commercial and corporate performance of the Company within the parameters of good governance. Non-Executive Directors play a vital check and balance role by challenging and scrutinising Management recommendations and proposals in an objective manner and bringing independent judgement to the decision making process at the Board and Board Committee levels.

Reserved matters for Board's decision making includes strategic issues and planning, significant acquisition and disposal, dividend policy, risk management, significant property transactions, review of the financial statements, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

(b) Establish clear role and responsibilities

In line with the practice of good governance, the Board is responsible for establishing the Group's goals and strategic directions, setting goals and targets for Management and monitoring the achievement of goals and targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

In discharging its obligations on behalf of the shareholders, the Board assumes responsibility in the following areas :-

(i) review and adopt the business plan and overall strategic directions for the Company and to establish Company goals and ensure that the strategies are in place to achieve them;

(ii) ensure that a comprehensive system of policies and procedures is operative ;

(iii) ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Company's own governing documents and codes of conduct ;

(iv) define levels of materiality, reserve specific powers to the Board and delegate other matters with the necessary written authority to management and instituted effective mechanisms that ensure Board responsibility for management performance of its functions;

(v) be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principles is reviewed regularly;

(vi) approve specific financial and non-financial objectives and policies proposed by management relevant to the business ;

(vii) ensure that the Company's financial statements are true and fair and conform to any applicable laws and/or regulations;

(viii) review processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas and ensure the implementation of appropriate systems to manage risks;

(ix) **delegate authority for capital expenditure and review investment, capital and funding proposals are reserved for Board approval;**

(x) **review succession planning for the Management team and endorse senior executive appointments, organisational changes and high level remuneration issues;**

(xi) **provide oversight of performance against targets and objectives;**

(xii) **provide oversight of reporting to shareholders on the direction, governance and performance of the Company as well as other processes that need reporting and other disclosure requirements.**

(xiii) **review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines ; and**

(xiv) **decide on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and to ensure that such steps are taken.**

Any member of the Board may request for independent professional advice in the discharge of his/her fiduciary duties by forwarding a request to the executive director of the Company who will then direct the same to an external service provider. The expenses incurred in this connection shall be borne by the Company.

(c) Directors' Code of Conduct and Ethics

The Directors continue to observe and commit a Code of Conduct & Ethics ("the Code") based on the code of conduct expected of directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, and ensure implementation of appropriate internal systems to support, promote and ensure the compliance of the Directors' Code of Ethics & Conduct.

The Board will periodically review and reassess the adequacy of the Code, and make such amendments to the Code as the Board may deem appropriate. The Code is available at the Company's website at **www.asiabrands.com.my**.

The Company has yet to have a whistle-blowing policy to provide an avenue for all employees and members of the public to disclose any improper conduct or any action that could be harmful to the Group. Nevertheless, the Code contains provisions which encourage all employees to report any genuine concerns without fear of intimidation and reprisal. The Company also has a strong corporate culture which prizes team spirit, integrity, commitment, and accountability.

(d) Promote Sustainability

The Board has a formalised plan on promoting sustainability in developing its corporate strategies, taking into account the impact on the environmental, social, cultural and governance aspects of business operations. The Board also encourages management transparency by engaging in an open culture and two-way communication that encourages employee participation in every aspect of operational processes.

The Corporate Social Responsibility Statement is set out in this Annual Report.

(e) Supply of and Access to Information

The regular agendas for Board meetings are the briefing by the Audit Committee Chairman on the outcome of Audit Committee meeting(s), review of periodic financial results, briefing by the Group Chief Executive Officer on the business aspects, briefing on the corporate social responsibility activities, notation of circular resolutions passed, announcements made to Bursa Malaysia Securities Berhad and dealings in securities by Directors and principal officers, if any.

Relevant Board papers were disseminated to all the Directors at least three (3) days in advance of the meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deemed necessary. As part of the integrated risk management initiatives, the Board also noted the decisions and salient issues deliberated by Board Committees through minutes of these committees. Board meetings are conducted in accordance to a structured agenda.

Senior Management staff were invited to attend any Board meetings to provide their views and explanation on certain items on the agenda being tabled to the Board and to furnish clarification on issues that may be raised by the Directors.

In the furtherance of their duties, where necessary, the Directors may, whether collectively as a Board or in their individual capacities, have access to all information within the Group, to seek advice from independent professional advisors at the Group's expense and access to the advice and services of the Company Secretaries.

(f) Company Secretaries

Every Director has ready and unrestricted access to the advice and services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors were regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements issued by regulatory authorities, and its implications to the Company and the Directors in relation to their duties and responsibilities.

The duties of the Company Secretaries amongst others are as at follows:-

- Statutory duties as required under the Companies Act, 1965, Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Capital Market and Services Act, 2007;
- Attending all Board and Board Committees meetings;
- Ensuring the proceedings of Board and Board Committee meetings and decisions made thereof are accurate ;
- Ensuring all appointments and resignations of directors are in accordance with the relevant legislation and/or regulations ;
- Rendering advice and support to the Board and Management;
- Maintaining records for the purpose of meeting statutory obligations ;
- Facilitating the conduct of the assessments to be undertaken by the Board and/ or Board Committees as well as compile the results of the assessments of the Board and/ or Board Committees for information; and
- Assisting the Board with the preparation of announcements for release to Bursa Securities and Securities Commission Malaysia.

(g) Board Charter

The Board has adopted a Board Charter, which provides guidance on how business is to be conducted in line with best practices and standards of good corporate governance as well as clarity for Directors and Management with regard to the role of the Board and its Committees.

The Board Charter is subject to periodic review and can be accessed via the Company's website at **www.asiabrands.com.my.**

PRINCIPLE 2 : STRENGTHEN COMPOSITION

(a) Board Committee

To assist the Board in carrying out its duties and responsibilities, the Board has established the following Committees of the Board, each with clearly defined Terms of Reference in order to enhance corporate efficiency and effectiveness:-

(i) Audit Committee; and
(ii) Nomination and Remuneration Committee.

• Audit Committee

The Audit Committee assists and supports the Board's responsibility to oversee the Group's operations by providing a means for review of the Group's processes for producing financial data, its internal controls, risk management activities and independence of the Group's external and internal auditors. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in this Annual Report.

The Audit Committee also ensures the independence of the external auditors during the conduct of the audit engagement.

• Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") comprises three (3) Directors, the majority of whom are Independent Non-Executive Directors of the Company. The members of the NRC are as follows:

Lim Kim Meng	Independent Non-Executive Director	Chairman
Kong Sau Kian	Senior Independent Non-Executive Director	Member
Ng Chin Huat	Non-Independent Non-Executive Director	Member

The principal objectives of the NRC are:-

(i) to assist the Board to nominate new nominees to the Board ;

(ii) to assist the Board to oversee the selection and assess the performance of the Directors of the Company on an on-going basis; and

(iii) to assist the Board to assess the remuneration packages of the Group Chief Executive Officer.

The NRC also oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, independence assessment of Independent Directors, reviews succession plans and boardroom diversity; oversees training courses for directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

The NRC also recommends to the Board, the policy framework and remuneration and benefits extended to the Group Chief Executive Officer. Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole, with the Directors concerned abstaining from deliberation and voting in respect of their remuneration.

Summary of Activities of the NRC

During the financial year ended 31 March 2016, the main activities carried out by the NRC included the following:-

- Recommended the re-election of retiring Directors at the forthcoming Annual General Meeting.
- Evaluated the effectiveness of the Board as a whole and of the Committees of the Board and the contribution and performance of each individual Directors and key officers.
- Developed the following criteria amongst others to assess the independence of the Independent Directors:-
  - the Independent Directors fulfill the definition of an independent director as set out under Paragraph 1.01 of Bursa Securities Main LR.
  - the Independent Directors are able to exercise independent judgement and act in the best interest of the Company.
  - there must be no potential conflict of interest that the Independent Directors could have with the Company as they had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Main LR.
  - the Independent Directors have not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Non-Executive Chairman and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with their duties expected of them to carry out their duties as an Independent Director.
  - the Independent Directors do not derive any remuneration and benefits apart from Directors' fees and meeting allowances.

(b) Appointments to the Board

With respect to nomination and election process of new Directors, the responsibilities of the NRC and the criteria used are as follows:-

- to evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the NRC shall:-
  - (i) consider candidates from a wide range of backgrounds;
  - (ii) consider candidates on merit, against objective criteria with due regard for the benefits of diversity on the Board, including gender; and
  - (iii) ensure that once appointed, appointees have enough time available to devote to the position of director.
- for the appointment of a Chairman, the NRC shall consider the expected time commitment. A proposed Chairman's other significant commitments should also be disclosed to the Board before the appointment, and any changes thereto should be reported to the Board.
- prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest in relation to the Company, and shall be required to report any future business interests which may develop post-appointment, that could result in a conflict of interest.

(c) Re-election of Director

The Articles of Association of the Company provide that at every annual general meeting, one-third (1/3) of the Directors, including the Managing Director, shall retire from office provided always that all Directors shall retire at least once in every three (3) years. A retiring Director shall be eligible for re-election.

Upon recommendation by the NRC and the Board of the Company, Mr. Cheah Yong Hock shall retire at the forthcoming Forty-First Annual General Meeting of the Company and being eligible, had offered himself for re-election.

(d) Gender Diversity

The Board does not have any gender, ethnicity and age diversity policies and targets or any set measures to meet any target. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial, gender, ethnicity or age bias.

The Board will consider establishing a policy formalising its approach to boardroom diversity to ensure that women candidates are sought as part of its recruitment exercise for the future.

(e) Annual Assessment of Board Effectiveness

The NRC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Directors in respect of the financial year ended 31 March 2016 using customised questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole were tabled to the NRC and the Board for review.

The criteria for Director's evaluation covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. For Board and Board Committee assessment, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance.

The Board studied the results of evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors.

(f) Board remuneration policies and procedures

The Board has a formal procedure to determine the remuneration of each Director which is reviewed from time to time against market practices. The Board ensures that the level of remuneration is sufficient to attract and retain Directors needed to run the Group successfully. The component part of remuneration has been structured to link rewards to corporate and individual performance for Group Chief Executive Officer whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.

The NRC is responsible for recommending the remuneration packages of the Group Chief Executive Officer to the Board.

The remuneration received by the Directors for the financial year ended 31 March 2016 is set out in the Notes to the Financial Statements. The Company opts not to disclose the remuneration of individual directors as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance.

Details of Directors' Remuneration received and/or receivable from the Company and its subsidiaries during the financial year ended 31 March 2016 are disclosed in this Annual Report.

Number of Directors whose remuneration falls into the following bands are as follows:

	Number	
Amount	**Executive Directors**	**Non-Executive Directors**
Below RM 50,000	-	3
RM400,000 - RM450,000	1	-

PRINCIPLE 3 : REINFORCE INDEPENDENCE

(a) Annual Assessment of Independence of Directors

The Board assessed the independence of the Independent Non-Executive Directors, taking into account the individual Director's ability to exercise independent judgment at all times and their contribution to the effective functioning of the Board, and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Based on the assessment carried out during the financial year ended 31 March 2016, the Board is satisfied with the level on independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives and monitor the risk profile of the Company's business and the reporting of quarterly business performance.

PRINCIPLE 3 : REINFORCE INDEPENDENCE (cont'd)

(b) Tenure of Independence of Directors

Based on the current composition of the Board, the tenure of each Independent Director had not exceeded a cumulative term of nine (9) years.

(c) Separation of Position of the Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Group Chief Executive Officer to ensure that the Board remains balanced at all times.

The roles and responsibility of the Group Chief Executive Officer is distinct, separate and clearly defined. The Group Chief Executive Officer is the conduit between the Board and the Management in ensuring the effectiveness of the Company's governance and management functions. The Group Chief Executive Officer is responsible for the day-to-day management of the Company with all powers and discretion vested in him, from time to time, by the Board. All Board authority conferred on Management is delegated through the Group Chief Executive Officer so that the authority and accountability of management is considered to be the authority and accountability of the Group Chief Executive Officer so far as the Board is concerned.

(d) Board Composition and Balance

The Directors, collectively and individually, are aware of their fiduciary duties and responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board provides stewardship to the Group's strategic direction and operations and ultimately the enhancement of long-term shareholders' value.

The current Board comprises four (4) Directors, out of which, one (1) is Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director, thus, fulfilling the requirement of at least one-third (1/3) of the Board comprises independent directors. The Articles of Association of the Company provides that the number of Directors shall not be less than two (2) or more than twenty (20). The Board believes that its current structure is able to discharge the Board's priorities objectively with the balance of power and authority on the Board.

The profiles of the Directors are set out in this Annual Report.

The Board is chaired by a Non-Independent Non-Executive Director. The Non-Executive Directors are independent of management and have no relationships that could materially interfere with the exercise of their independent judgment. Together, the Directors have wide range of experience in business, corporate, banking and financial experience.

The Board is of the opinion that the composition of the current Board has the required mix of skills and experience required to discharge the Board's duties and responsibilities. Collectively, the Directors combine their diverse commercial, regulatory, industry and financial experience to add value to the Board as a whole.

The Board is free to discuss all matters regarding the affairs of the Group, without any restrictions or limitations being imposed on any Director. Where matters discussed involve the interest of the Chairman, he shall state his interest and shall refrain from discussions and decision-making.

No individual or a company of individuals dominates the Board's decision making.

All the Directors have an equal responsibility for the Group's operations and corporate accountability. The Independent Non-Executive Directors play a vital supporting role by contributing their knowledge and experience towards the development of the Group's objectives. They also provide a broader and independent view in the decision-making process.

PRINCIPLE 4 : FOSTER COMMITMENT

(a) Time Commitments

The Board meets at least four (4) times a year at quarterly intervals with additional Board meetings convened when necessary. Sufficient notice periods were given to the Board prior to each meeting. During the financial year under review, the Board convened five (5) meetings and the attendance of the Directors are as follows:-

	No. of Meetings attended
Ng Chin Huat	5/5
Cheah Yong Hock	5/5
Kong Sau Kian	5/5
Lim Kim Meng	5/5

All the Directors complied with the minimum 50% attendance requirements in respect of Board meetings held during the financial year ended 31 March 2016 as stipulated under Paragraph 15.05 of the Main LR of Bursa Securities.

The Company Secretaries record minutes of meetings and conclusions by the Board in the discharge of their duties and responsibilities.

(b) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by the Main LR for directors of public listed companies.

During the financial year ended 31 March 2016, the Directors attended the following training, briefing and workshop programmes:-

Directors	Seminars/Briefing/Workshop attended
Ng Chin Huat	• ASEAN Retail & Franchise Business Forum 2015 • Growing Your Business with CRM & Analytics
Cheah Yong Hock	• Information on Telomere Diagnostics • Value Add Through Private Equity Involvement • Mastering Change for Organizational Excellence II • CEO Grooming for Influence • Economic Outlook and Trends for 2015 & Beyond • Scenario Planning
Kong Sau Kian	• Information update for Taxation and GST
Lim Kim Meng	• Introduction to Islamic Wills • Wills in Malaysia • Making Sense of Adjudication under CIPAA 2012

The Directors will continue to attend relevant trainings and education programmes in order to keep themselves abreast of the latest development in the economy, industry and technology and discharge their duties and responsibilities more effectively.

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

(a) Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Responsibility Statement by the Directors pursuant to the Main LR is set out in this Annual Report.

In addition to the above, the Company also undertook an independent assessment of the internal control system and the Audit Committee has been assured that no material issue or major deficiency had been detected which posed a high risk to the overall internal control under review.

(b) Assessment of Suitability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors. The Audit Committee meets with the external auditors to discuss their audit plan, audit findings and the Company's financial statements. At least one of these meetings was held without the presence of the Group Chief Executive Officer and the Management. The Audit Committee also meets with the external auditors additionally whenever it deems necessary.

PRINCIPLE 6 : RECOGNISE AND MANAGE RISK

(a) Sound Risk Management Framework and Internal Control System

The Board regards risk management and internal controls as an integral part of the overall management processes. The framework of the risk management encompasses the following key elements:-

- Risks identified were individually assessed and ranked as either extreme, high, medium or low based on their respective magnitude of impact and likelihood of occurrence within the Group; and
- Individual risk profiles created from the above assessment were endorsed by the Board and subsequently cascaded to Senior Management of the Group for implementation of action plans required to mitigate or maintain the risk impact of the Group at an acceptable level.

The risk management framework is regularly reviewed by the Management and relevant recommendations are made to the AC and Board for approval.

The internal control are tested for effectiveness and efficiency two cycles per financial year via an independent outsourced internal audit function following risk-based approaches.

(b) Internal audit function

The Directors acknowledged their responsibility in maintaining a reasonable sound system of internal controls covering financial, operational and compliance and risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the internal and external auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out is tabled to the Audit Committee.

The Group's Statement on Risk Management and Internal Control is disclosed in this Annual Report.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(a) Corporate Disclosure Policies and Procedures

The Company recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long term relationship with shareholders and potential investors through appropriate channels for the management and disclosure of information.

The Company mainly communicates with its shareholders, stakeholders and the public through press releases, timely announcements and disclosures made to Bursa Securities.

(b) Leverage on Information Technology for Effective Dissemination of Information

The Company's corporate website provides all relevant information on the Company and is accessible by the public. It includes announcements made by the Company to Bursa Securities and annual reports of the Company as well as the corporate and governance structure of the Company.

The quarterly financial results were announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

(a) Dialogue between Companies and Investors

The Board recognises the importance of timely dissemination of information to shareholders and other interested parties to ensure that they are well informed of all major developments of the Group. Such information is communicated through various disclosures and announcements to the Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases. This information may be assessed from the website of the Bursa Securities at **"www.bursamalaysia.com.my"**. In addition, interviews conducted from time to time by local journalists with the management of the Group are reported in the local newspapers and information on the Group and its business activities is available at the company's website at **www.asiabrands.com.my**.

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including analyst reports, all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

(b) Poll Voting

In line with Recommendation 8.2 of the MCCG 2012, the Chairman informs the shareholders of their right to demand a poll vote at the commencement of all general meetings.

Further to the recent changes to the Main LR **issued by Bursa Securities on 25 March 2016 on the requirement for poll voting for any resolution set out in the notice of general meetings which will apply for general meetings held on or after 1 July 2016, the Company will explore providing facilities for poll voting via electronic means to expedite verification and counting of votes.**

(c) Shareholder Communication Policy

The Board has put in place a Shareholder Communication Policy to facilitate the effective exercise of those rights by ensuring that the Company communicates effectively with its shareholders.

This Policy aims to promote effective communication with shareholders and encourage effective participation by shareholders at the Company's general meetings. To ensure a high quality of communication and level of clarity with all investors and other stakeholders, whilst complying with its statutory disclosure obligations, the Company endeavors to provide shareholders with ready and widespread access on a timely basis to matters that affect their investment in the Company; communicate in a clear, accurate and easy to understand manner with investors and other stakeholders.

(c) Shareholder Communication Policy (cont'd)

The communication channels for shareholders are as follows:-

(i) Corporate Website

The Company believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner. The Company's website (www.asiabrands.com.my) has a dedicated "Investor Relations" section which carries the following information:-

- Corporate Profile ;
- Brands Divisions ;
- Financial information including share information, dividend history and other financial performance data ;
- Company's Annual Report is available on its website and contains important information about the Company's activities and results for the previous financial year;
- Announcement released by the Company to Bursa Malaysia Securities Berhad such as financial statements, results announcements, circulars and relevant explanatory documents;
- Press releases regarding the corporate function, marketing activities and community services provided or carried out by the Group; and
- Relevant press releases, financial data and investment presentation for the preceding years of the Company.

(ii) Shareholders' Meeting

Annual general meetings and other general meetings of the Company is the primary forum for communication with shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at meetings for and on their behalf if they are unable to attend the meetings.

(iii) Shareholders' Enquiries

Shareholders and investors may at any time request the Company's public information. The Company provides a designated email address (info@asiabrands.com.my) for shareholders to make any query.

(iv) Annual Report

Annual Report as the key communication channels for all the shareholders. The Annual Report is made easily available to shareholders and other stakeholders in a timely manner. Shareholders can elect to receive a hard copy or an electronic copy of the Annual Report.

The Shareholders Communication Policy will be reviewed regularly by Management to ensure that it reflects current regulatory, community and investor requirements.

(d) Annual General Meeting

The Annual Report is sent to the shareholders at least twenty-one (21) days prior to the date of the meeting. At each meeting, shareholders are able to participate in the question and answer session in respect of the matters listed in the Notice of Annual General Meeting. There is no time limitation for shareholders to raise questions and to solicit reply from the Board.

Barring any unforeseen circumstances and upon making due and reasonable enquiry into the affairs of the Group, the Board firmly believes that the Group shall continue to operate as a going concern business in the foreseeable future.

This Statement of Corporate Governance is made in accordance with a resolution **of the Board dated 12 July 2016.**

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:-

Kong Sau Kian	*Chairman/Senior Independent Non-Executive Director*
Lim Kim Meng	*Member/Independent Non-Executive Director*
Ng Chin Huat	*Member/Non-Independent Non-Executive Director*

MEETINGS

The number of Audit Committee meetings held during the financial year ended 31 March 2016 and the attendance of each Audit Committee member are as follows:-

	No. of Meetings attended
Kong Sau Kian	5/5
Lim Kim Meng	5/5
Ng Chin Huat	5/5

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to oversee the Company's financial reporting process, corporate governance process and provide the Board with assurance of the quality and reliability of financial information used by the Board and of the financial information issued publicly by the Company. The Audit Committee assumes the following fundamental responsibilities in the Company:-

- assessing the risks and control environment;
- overseeing financial reporting;
- evaluating the internal and external audit processes; and
- reviewing conflict of interest situations and related party transactions.

The Terms of Reference of the Audit Committee are available at the Company's website at *www.asiabrands.com.my*.

SUMMARY OF ACTIVITIES

During the financial year ended 31 March 2016, the Audit Committee carried out its duties as set out in its Terms of Reference. The main activities carried out by the Audit Committee are as follows:-

- Reviewed all the unaudited quarterly reports on consolidated financial results of the Company and Group during the financial year ended 31 March 2016 before tabling to the Board for consideration and approval.
- Reviewed the reports and the audited financial statements of the Company and of the Group prior to tabling to the Board for approval.
- Reviewed the Audit Planning Memorandum of the external auditors in respect of the audit for the financial statements of the Company and the Group for the financial year ended 31 March 2016.
- Reviewed and discussed the external auditors' audit report and areas of concern highlighted in the management letter, including Management's response to the concerns raised by the external auditors.

SUMMARY OF ACTIVITIES (cont'd)

- Evaluated the performance of the external auditors and made recommendations to the Board on their reappointment and remuneration.
- Questioned Management as to whether they are any recurrent related party transactions or related party transaction within the Group on a quarterly basis.
- Discussed the significant accounting and auditing issues, affecting the Group, namely:-
  - Allowance for slow-moving/obsolete Inventories;
  - Recoverability of trade receivable; and
  - Impairment assessment on intangible assets.
- Met with the external auditors without the presence of the Management.
- **Reviewed the internal audit plan, programme of resource requirement for the year and assessed the performance of the internal auditors, reviewed the internal audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed action to be taken by the Management to rectify and improve the system of internal control.**
- **Monitored the implementation of recommendations made by the internal auditors arising from its audits in order to obtain assurances that all key risks and control concerns have been fully addressed.**
- **The Audit Committee invited relevant Head of Divisions to attend the Audit Committee meeting to explain on the findings reported by the internal auditors.**

INTERNAL AUDIT FUNCTION

The Audit Committee is aware of the fact that an adequately resourced internal audit function is essential to provide independent and objective advice on the effectiveness of the Group's internal controls to the Audit Committee and thereafter to the Management.

The internal audit function of the Company is outsourced to an independent professional services provider which reports directly to the Audit Committee, and assist the Audit Committee in monitoring and evaluating the adequacy, efficiency and effectiveness of the risk management, Company's internal control and governance processes in anticipating key business process exposure to risk.

For the financial year ended 31 March 2016, the internal auditors assessed and evaluated the adequacy of the risk management practices, operational controls, compliance with regulatory requirements, Management efficiency to ensure that the internal control system is sound and satisfactory. The internal auditors carried out audits in accordance with the internal audit plan approved by the Audit Committee and other significant areas recommended by the Management to the Audit Committee. The results of the internal audit reviews and recommendations for enhancement of existing controls were presented at Audit Committee meetings.

The cost incurred by the Company in connection with the outsourced internal audit function for the financial year ended 31 March 2016 amounted to RM15,000.

This report is made in accordance with a resolution of the Board dated 12 July 2016.

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") requires the Board of Directors to establish and maintain a sound system of risk management and internal control to safeguard shareholders' investment and assets of the Group.

The Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board to disclose in the annual report, the state of the Group's risk management and internal control system. For preparation of this Statement, the Board took into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies.

Board's Responsibilities

The Board is committed to maintain an effective system of internal controls to safeguard the shareholders' investment and the Group's assets.

The Board is responsible for the Group's system of internal control and risk management, which include the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of maintaining a sound system of risk management and internal control. The control structure and process which has been established throughout the Group include governance, risk management, financial, organizational, operational and compliance control.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year and is subject to regular review by the Board. However, in view of the limitations inherent in any system of risk management and internal control, the system is designed to provide reasonable but not absolute assurance against material misstatement or loss, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The process it has applied to deal with material internal control aspects of any significant problems will disclosed in the annual report and financial statements, if any.

Senior Management will assist the Board in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information, designing, operating suitable internal controls to manage and control risks and monitoring effectiveness of risk management and control activities.

Risk Management Framework

The Board's primary objective and direction in managing the Group's principal business risks are to enhance the Group's ability to achieve its business objective. The risk management framework encompasses the following key elements:-

- Risks identified were individually assessed and ranked as either extreme, high, medium or low based on their respective magnitude of impact and likelihood of occurrence within the Group; and

- Individual risk profiles created from the above assessment were endorsed by the Board and subsequently cascaded to Senior Management of the Group for implementation of action plans required to mitigate or maintain the risk impact of the Group at an acceptable level.

Statement of Internal Control

The following elements of the system of internal controls are present in the Group:

- **Strategic Business Direction**

  The Group's business objectives are communicated throughout the organisation through its Business Plan, management meetings and interaction between the Group Chief Executive Officer, management and employees.

- **Risk Identification**

  The Board is fully aware of the principal risks faced by the Company and Group and has put in place the appropriate controls to identify, evaluate and manage these risks through the involvement of the Group Chief Executive Officer in the day-to-day operations of the Group. The performance of the Company and Group is monitored through strategic, management and operational level meetings. Significant matters identified during these meetings are highlighted to the Board on a timely basis.

- **Audit Committees**

  The Audit Committee is tasked with responsibilities on accounting and reporting practices, review of internal and external audit reports, and ensuring the adequacy of administrative, operating and accounting controls. The Board reviews the minutes of meetings of the Audit Committee. The terms of reference of the Audit Committee are set-out in the Company's website at www.asiabrands.com.my.

- **Internal Audit Function**

  The Company outsourced its internal audit function to an outsourced professional service provider, who reports to the Audit Committee. The Audit Committee reviews the annual internal audit plan, which was co-developed by the outsourced internal audit provider and management. Applying a risk-based approach, periodic internal audit visits have been carried out to review the adequacy and integrity of key internal controls of the Group's business to provide an independent assurance on the systems of internal control.

- **Policies and Procedures**

  Continuing with the Group-wide restructuring efforts and review of the cash management process, the internal audit function carried out a business process review for general ledger management of the financial closing process together with GST implementation during the financial ended 31 March 2016.

- **Organisation Structure**

  The current organisational structure enables a clear reporting line from lower management level up to the Board. Job functions and areas of responsibilities of certain employees are outlined in job descriptions and authority chart. The Group practices an "open-door" policy that allows matters to be identified and resolved in a timely and efficiently manner.

Additional key features of the Company's system of internal controls include the following:

- Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.

- Audit Committee holds regular meetings with management on the actions taken on internal control issues identified through reports prepared by the internal auditors, external auditors and/or management.

- Preparation of quarterly and yearly financial results and key business indicators, as announced or otherwise published to shareholders.

- Meetings involving the Group Chief Executive Officer, senior management and heads of department are regularly held and any significant matters are escalated to the Board.

The Board together with the management will continuously assess the suitability, adequacy and effectiveness of the Group's system of internal controls and will take corrective measures to enhance the system, as and when necessary.

Assurance Provided by the Group Chief Executive Officer and Chief Financial Officer

In line with the Guidelines, the Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control system have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

Review of this Statement

The External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 March 2016, and reported to the Board that nothing has come to thier attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 on the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers to be set out, nor factually inaccurate.

Conclusion

The Board is of the view that the Group's risk management and internal control systems are in place for the year under review, and up to the date of approval of this Statement, is sound and adequate to safeguard the shareholders' investment, the interests of customers, regulators, employees and other stakeholders, and the Group's assets. Notwithstanding this, on-going reviews are continuously carried out to ensure the effectiveness of the system. The Board is committed towards operating a sound system of internal controls and effective risk management throughout the Group. The Board is also cognisant of the fact that the system of internal controls and risk management practices must continuously evolve to support the type of business and size of operations. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal controls.

This statement is made in respect of the financial year ended 31 March 2016 and in accordance with a resolution passed at the Board of Directors' Meeting held on 12 July 2016.

1) Status of utilisation of proceeds raised from any corporate proposal

The Company did not undertake any fund raising corporate exercise during the financial year.

2) Share buybacks for the financial year

The Company did not undertake any share buyback exercise during the financial year under review.

3) Amount of options, warrants or convertible securities exercised during the financial year

The Company does not have any outstanding warrants or convertible securities in the financial year under review.

4) American Depository Receipt (ADR)/ Global Depository Receipt (GDR)

The Company does not sponsor any ADR or GDR.

5) Particulars of sanctions and/or penalties imposed on the Company and subsidiary companies, Directors or management by the relevant regulatory bodies

To the best of the knowledge and belief of the Directors, the Company and its subsidiary companies, Directors and management have not been imposed with any sanctions and/or penalties by the relevant regulatory authorities for the financial year ended 31 March 2016.

6) Audit and Non-audit fees paid to external auditors for the financial year

The amount of audit fees and non-audit fees incurred by the Company and on a group basis respectively are as follows:-

Audit Fees: RM242,600
Non-Audit Fee: RM121,916

7) Deviation of actual results from profit forecast, estimate or projection or unaudited results previously made or released by the Company

The Company did not issue any profit forecast, estimate or projection in conjunction with any corporate proposal. In addition, there was no material deviation in the Audited Financial Statements for the financial year ended 31 March 2016 as compared to the unaudited consolidated results of the Group for the financial year ended 31 March 2016 announced to Bursa Malaysia Securities Berhad on 31 May 2016.

8) Deviation of profit achieved in the financial year as compared to the profit guarantee

The Company did not undertake any corporate proposal or activity which involves profit guarantee.

9) Material contracts entered into by the Company and subsidiary companies with Directors and/or major shareholders

Transactions that involve the interests of Directors and major shareholders are disclosed in the Annual Report. Save as disclosed therein, there are no material contracts still subsisting that involve the interests of Directors and major shareholders.

10) Contracts relating to loan with Directors and/or major shareholders

There were no contracts relating to a loan by the Company and/or its subsidiary companies involving Directors and/or major shareholders end of the financial year.

This report is made in accordance with a resolution of the Board of Directors dated 12 July 2016.

FINANCIAL STATEMENTS

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
(Loss)/Profit after taxation for the financial year	(45,222,738)	3,814,953
Attributable to:- Owners of the Company	(45,222,738)	3,814,953

DIVIDENDS

A final single tier tax-exempt dividend of 0.5 sen per ordinary share amounting to RM395,586 for the financial year ended 31 March 2015 was approved by the shareholders at the Annual General Meeting held on 18 August 2015 and paid on 13 October 2015.

The directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year :-

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

HOLDING COMPANY

The holding company is Everest Hectare Sdn. Bhd., a company incorporated in Malaysia.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Ng Chin Huat
Cheah Yong Hock
Kong Sau Kian
Lim Kim Meng

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<--- Number Of Ordinary Shares Of RM1 Each --->			
	At 1.4.2015	Bought	Sold	At 31.3.2016
Direct Interest				
Cheah Yong Hock	1,125,600	-	(500,000)	625,600
Indirect Interest				
Ng Chin Huat [(1)]	43,807,477	1,332,000	-	45,139,477

[(1)] *Deemed interested by virtue of his direct substantial shareholding in Everest Hectare Sdn. Bhd. via Section 6A of the CompaniesAct 1965.*

By virtue of his shareholding in the holding company, Ng Chin Huat is deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the holding company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with companies in which the directors have substantial financial interests except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which a director has substantial financial interests as disclosed in Note 35 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 15 July 2016

Ng Chin Huat

Cheah Yong Hock

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Ng Chin Huat and Cheah Yong Hock, being two of the directors of Asia Brands Berhad, state that, in the opinion of the directors, the financial statements set out on pages 44 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 March 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, 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 in accordance with a resolution of the directors dated 15 July 2016

Ng Chin Huat **Cheah Yong Hock**

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Kok Tai Meng, I/C No. 670325-71-5075, being the officer primarily responsible for the financial management of Asia Brands Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 87 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Kok Tai Meng, I/C No. 670325-71-5075,
at Kuala Lumpur in the Federal Territory
on this 15 July 2016

Kok Tai Meng

Before me
Lai Din
No. W 668
Commissioner For Oaths

Report on the Financial Statements

We have audited the financial statements of Asia Brands Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 87.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Emphasis of Matter

Without qualifying our audit opinion, we draw attention to Note 4.3 to the financial statements which discloses the preparation of the financial statements on a going concern basis.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the financial statements 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 43 on page 88 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 Accountant ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 02760/06/2018 (J)
Chartered Accountant

15 July 2016
Kuala Lumpur

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	261,008,498	264,035,498
Plant and equipment	7	19,180,355	26,233,847	74,750	143,750
Intangible assets	8	138,238,375	138,238,375	-	-
Goodwill on consolidation	9	30,904,868	33,283,868	-	-
Deferred tax assets	10	-	80,000	-	-
		188,323,598	197,836,090	261,083,248	264,179,248
CURRENT ASSETS					
Inventories	11	136,265,583	160,715,158	-	-
Trade receivables	12	50,751,860	63,886,454	-	-
Other receivables, deposits and prepayments	13	16,107,097	20,004,910	7,261	72,086
Amount owing by subsidiaries	14	-	-	608,800	15,087,551
Current tax assets		7,841,993	6,748,341	9,916	-
Fixed deposits with licensed banks	15	4,120,345	8,455,361	5,345	8,455,361
Cash and bank balances		5,761,701	13,150,482	15,050	184,397
		220,848,579	272,960,706	646,372	23,799,395
TOTAL ASSETS		409,172,177	470,796,796	261,729,620	287,978,643
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	79,117,214	79,117,214	79,117,214	79,117,214
Reserves	17	115,540,500	161,158,824	171,001,317	167,581,950
TOTAL EQUITY		194,657,714	240,276,038	250,118,531	246,699,164
NON-CURRENT LIABILITIES					
Hire purchase payable	18	3,712	25,482	3,712	25,482
Islamic medium term notes	19	-	100,000,000	-	-
Deferred tax liabilities	10	26,000	287,100	-	-
		29,712	100,312,582	3,712	25,482
CURRENT LIABILITIES					
Trade payables	20	17,383,110	19,810,295	-	-
Other payables and accruals	21	9,213,710	13,700,400	230,211	228,897
Amount owing to subsidiaries	14	-	-	4,190,397	914,685
Amount owing to holding company	22	18,965,000	40,088,110	7,165,000	40,088,110
Amount owing to related party	23	-	356,357	-	-
Hire purchase payable	18	21,769	20,805	21,769	20,805
Islamic medium term notes	19	130,000,000	-	-	-
Bankers' acceptances	24	36,000,000	56,190,000	-	-
Current tax liabilities		-	42,209	-	1,500
Bank overdrafts	25	2,901,162	-	-	-
		214,484,751	130,208,176	11,607,377	41,253,997
TOTAL LIABILITIES		214,514,463	230,520,758	11,611,089	41,279,479
TOTAL EQUITY AND LIABILITIES		409,172,177	470,796,796	261,729,620	287,978,643

The annexed notes form an integral part of these financial statements.

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
REVENUE	26	241,820,761	334,006,342	18,000,000	62,700,000
COST OF SALES		(139,057,207)	(174,903,162)	-	-
GROSS PROFIT		102,763,554	159,103,180	18,000,000	62,700,000
OTHER INCOME		883,093	7,546,241	394,764	366,466
		103,646,647	166,649,421	18,394,764	63,066,466
SELLING AND DISTRIBUTION EXPENSES		(125,812,043)	(134,666,377)	-	-
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(12,784,741)	(15,796,175)	(14,334,810)	(155,464)
FINANCE COSTS		(10,258,818)	(9,633,729)	(244,982)	(5,821,293)
(LOSS)/PROFIT BEFORE TAXATION	27	(45,208,955)	6,553,140	3,814,972	57,089,709
INCOME TAX EXPENSE	28	(13,783)	(4,938,335)	(19)	(162,919)
(LOSS)/PROFIT AFTER TAXATION		(45,222,738)	1,614,805	3,814,953	56,926,790
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(45,222,738)	1,614,805	3,814,953	56,926,790
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(45,222,738)	1,614,805	3,814,953	56,926,790
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(45,222,738)	1,614,805	3,814,953	56,926,790
(LOSS)/EARNINGS PER SHARE (SEN)					
Basic	29	(57.16)	2.04		
Diluted	29	N/A	N/A		
NET DIVIDEND PER ORDINARY SHARE IN RESPECT OF FINANCIAL YEAR (SEN)	30	0.50	5.00	0.50	5.00

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity
For the Financial Year Ended 31 March 2016

	Note	<------ Non-Distributable -----> Share Capital RM	Share Premium RM	Distributable Retained Profits RM	Total Equity RM
The Group					
Balance at 1.4.2014		79,117,214	51,313,387	112,186,493	242,617,094
Profit after taxation/Total comprehensive income for the financial year		-	-	1,614,805	1,614,805
Distributions to owners of the Company:					
- Dividend	30	-	-	(3,955,861)	(3,955,861)
Balance at 31.3.2015/1.4.2015		79,117,214	51,313,387	109,845,437	240,276,038
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(45,222,738)	(45,222,738)
Distributions to owners of the Company:					
- Dividend	30	-	-	(395,586)	(395,586)
Balance at 31.3.2016		79,117,214	51,313,387	64,227,113	194,657,714
The Company					
Balance at 1.4.2014		79,117,214	51,313,387	63,297,634	193,728,235
Profit after taxation/Total comprehensive income for the financial year		-	-	56,926,790	56,926,790
Distributions to owners of the Company:					
- Dividend	30	-	-	(3,955,861)	(3,955,861)
Balance at 31.3.2015/1.4.2015		79,117,214	51,313,387	116,268,563	246,699,164
Profit after taxation/Total comprehensive income for the financial year		-	-	3,814,953	3,814,953
Distributions to owners of the Company:					
- Dividend	30	-	-	(395,586)	(395,586)
Balance at 31.3.2016		79,117,214	51,313,387	119,687,930	250,118,531

The annexed notes form an integral part of these financial statements.

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(45,208,955)	6,553,140	3,814,972	57,089,709
Adjustments for:-					
Bad debts written off:					
- former subsidiary		-	6,476,056	-	-
- trade receivables		430	125,522	-	-
Depreciation of plant and equipment		8,937,535	8,386,282	69,000	69,000
Impairment loss:					
- investment in a subsidiary		-	-	13,527,000	33,000
- trade receivables		7,254,648	1,094,894	-	-
- other receivables		1,814,842	-	-	-
- amount owing by subsidiaries		-	-	4,000	-
- goodwill		5,163,529	-	-	-
Interest expense		10,258,818	9,633,729	244,982	5,821,293
Inventories written down		134,930	-	-	-
Inventories written off		7,696,099	4,601,714	-	-
Plant and equipment written off		896,864	73,769	-	-
Dividend income		-	-	(18,000,000)	(62,700,000)
Gain on disposal of plant and and equipment		(1,042)	(299)	-	-
Gain on disposal of a subsidiary		-	(6,483,099)	-	(7,999)
Interest income		(213,446)	(202,774)	(15,696)	(173,460)
Reversal of impairment loss on investment in a subsidiary		-	-	-	(217,499)
Reversal of impairment losses on receivables		(1,088,395)	(760,346)	-	(358,754)
Reversal of inventories written off		(3,717,472)	(1,445,518)	-	-
Operating (loss)/profit before working capital changes		(8,071,615)	28,053,070	(355,742)	(444,710)
Decrease in inventories		30,730,488	14,052,801	-	-
Decrease/(Increase) in trade and other receivables		25,356,889	(8,420,527)	64,825	(45,961)
(Decrease)/Increase in trade and other payables		(36,737,968)	(2,081,532)	1,314	(315,698)
Decrease in amount owing by subsidiaries		-	-	-	28,670
(Decrease)/Increase in amount owing to a related party		(356,357)	356,357	-	-
CASH FROM/(FOR) OPERATIONS		10,921,437	31,960,169	(289,603)	(777,699)
Interest paid		(10,258,818)	(3,816,199)	(244,982)	(3,763)
Income tax paid		(1,330,744)	(10,311,310)	(11,435)	(162,792)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(668,125)	17,832,660	(546,020)	(944,254)

The annexed notes form an integral part of these financial statements.

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from subsidiaries		-	-	14,474,751	14,103,058
Interest received		213,446	202,774	15,696	173,460
Dividend received		-	-	18,000,000	72,700,000
Purchase of plant and equipment		(2,781,752)	(12,192,697)	-	-
Net cash inflow on acquisition of subsidiaries	31	339,087	-	-	-
Net cash inflow on disposal of subsidiaries	32	-	4,275	-	-
Placement of deposit with licensed bank		(4,115,000)	-	-	-
Proceeds from disposal of plant and equipment		1,887	300	-	-
Proceeds from disposal of subsidiaries		-	-	-	1,008,000
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(6,342,332)	(11,985,348)	32,490,447	87,984,518
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
(Repayment to)/Advances from holding company		(21,123,110)	40,088,110	(32,923,110)	40,088,110
(Repayment to)/Advances from subsidiaries		-	-	(7,224,288)	914,685
Interest paid		-	(5,817,530)	-	(5,817,530)
Dividend paid		(395,586)	(3,955,861)	(395,586)	(3,955,861)
Repayment of term loans		-	(116,000,000)	-	(116,000,000)
Drawdown of Islamic medium term notes		30,000,000	100,000,000	-	-
Repayment of hire purchase obligations		(20,806)	(19,841)	(20,806)	(19,841)
Repayment of bankers' acceptances		(20,190,000)	(5,399,000)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		(11,729,502)	8,895,878	(40,563,790)	(84,790,437)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(18,739,959)	14,743,190	(8,619,363)	2,249,827
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		21,605,843	6,862,653	8,639,758	6,389,931
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	2,865,884	21,605,843	20,395	8,639,758

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 July 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is Everest Hectare Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and /or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Annual improvements to MFRSs 2010 – 2012 Cycle
Annual improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and /or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

4.2 The Group has not applied in advance the following accounting standards and /or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

4. BASIS OF PREPARATION (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysia Accounting Standards Board ("MASB") but are not yet effective for the current financial year (Cont'd)

MFRSs and/or interpretations (Including The Consequential Amendments) (Cont'd)	Effective Date
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

4.3 GOING CONCERN

At the end of the reporting period, the Group had the following:-

(i) Loss attributable to owners of the Group of approximately RM45.2 million;

(ii) Net cash outflow for operating activities of approximately RM0.7 million; and

(iii) As a result of the above, the Group was unable to comply with the finance service cover ratio as required in the Islamic medium term notes ("IMTN"). The details are disclosed in Note 19 to the financial statements.

The financial statements are prepared on the basis of accounting principles applicable to a going concern as a director, who is also a substantial shareholder of the Company has indicated his willingness to provide financial support to the Group to enable it to operate as a going concern in the foreseeable future.

The directors have taken into consideration, amongst others, the additional financial support from a director, who is also a substantial shareholder of the Company in assessing the appropriateness of using the going concern basis in preparing the financial statements of the Group and of the Company. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Income Taxes

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

(c) Impairment of Non-financial Assets

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

(d) Write-down of Inventories

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

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Impairment of Goodwill

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

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statement. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree 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 at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, 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.

(c) Changes In Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which 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 in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments 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 MFRS 139 or, when applicable, the cost of initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transactions costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purpose are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

As at the end of the reporting period, there were no financial assets classified under this category.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

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

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

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

The Group designates corporate guarantees given to the financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligations.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer equipment	30%
Display counters	20%
Office equipment	10%
Store equipment	15%
Renovation	20%
Motor vehicles	20%

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PLANT AND EQUIPMENT (CONT'D)

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 the future economic benefits associated with the asset will flow to the Group 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 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 is obligated to incur when the asset is acquired, if applicable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the assets, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

5.8 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

The cost of acquiring the rights, interest and benefits to the operations, brands and patents pertaining to the "Antioni", "Bontton" and "B.U.M" trademarks are capitalised as intangible assets.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

5.9 IMPAIRMENT

(a) Impairment of Financial Assets

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

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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 financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.10 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

5.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined as follows:-

Baby, lingerie and ladies wear, care and related products	Weighted average
Children and adult wear, care and related products	First-in-first-out basis

Cost comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.12 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are 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 the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 the deferred taxes relate to the same taxable entity and the same taxation authority.

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

5.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

5.15 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.16 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

5.17 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.18 FAIR VALUE MEASUREMENTS

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 a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs 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: Inputs are unobservable inputs for the asset or liability.

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

5.19 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is recognised net of goods and service tax and discounts upon transfer of the significant risks and rewards of ownership to the buyer. In the case of consignment sales, revenue is recognised when the goods are sold by the consignee to a third party. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method, unless collectability is in doubt, in which case, it is recognised on receipts basis.

(c) Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(d) Dividend Income

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

5.20 OPERATING SEGMENTS

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

5.21 BORROWING COSTS

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

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

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

5.22 OPERATING LEASES

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

5.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

6. INVESTMENTS IN SUBSIDIARIES

	The Company 2016 RM	The Company 2015 RM
Unquoted shares, at cost	281,098,096	270,598,096
Accumulated impairment losses	(20,089,598)	(6,562,598)
	261,008,498	264,035,498
Accumulated impairment losses:-		
At 1 April 2015/2014	(6,562,598)	(6,747,097)
Addition during the financial year	(13,527,000)	(33,000)
Reversal during the financial year	-	217,499
At 31 March 2016/2015	(20,089,598)	(6,562,598)

The Company assessed the recoverable amount of investments in subsidiaries and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the respective subsidiaries as at the end of the reporting period.

During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries. An impairment loss of RM13,527,000 (2015 – RM33,000), representing the write-down of the investment to its recoverable amount, was recognised in "Administrative and Other Operating Expenses" line item of the statement of profit or loss and other comprehensive income.

The details of the subsidiaries which are incorporated in Malaysia, are as follows:-

Name of Subsidiary	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Antioni Sdn. Bhd. ("Antioni") ~	100	100	Dormant.
B.U.M. Marketing (Malaysia) Sdn. Bhd. ("BUMM")	100	100	Trading and retailing in adult and children wear, care and related **products through Heavy Traffic Outlets ("HTO"), distributors as** well as retailing boutique outlets.
Bontton Sdn. Bhd. ("Bontton") ~	100	100	Dormant.
Bumcity Sdn. Bhd. ("Bumcity") ~	100	100	Dormant.
Diesel Marketing Sdn. Bhd. ("Diesel Marketing") ~	100	100	Dormant.
Ubay Marketing Sdn. Bhd. ("Ubay Marketing") ~	100	100	Retailing and distribution of the "Union Bay" brand of ready-made casual wear and related accessories and trading in baby and children wear, care and related products. The Company was dormant during the financial year.
Generasi Prestasi Sdn. Bhd. ("GPSB")* =	100	100	Trading and retailing in baby and children wear, care and related products through HTO, distributors as well as retailing boutique **outlets and providing sub-licencing**.
Anakku Sdn. Bhd. ("AKSB")	100	100	Trading and retailing in baby wear, care and related products through HTO, distributors as well as retailing boutique outlets.
Audrey Sdn. Bhd. ("AUSB")	100	100	Trading and retailing in lingerie and ladies wear, care and related products through HTO, distributors as well as retailing boutique outlets.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Asia Brands Global Sdn. Bhd. ("ABG") ~	100	100	Procuring baby and children wear, care and related products, lingerie and ladies wear for the trading and retail division and providing advertisement and promotional activities and export business. The Company was dormant during the financial year.
Mickey Junior Sdn. Bhd. ("MJSB") ~	100	100	Trading and retailing in baby and children wear, care and related products through HTO, distributors as well as retailing boutique outlets. The Company was dormant during the financial year.
Generasi Dinasti Sdn. Bhd ("GDSB") # ^ ~	100	100	Dormant.
Asia Brands Assets Management Sdn. Bhd. ("ABAM") ~	100	100	Dormant.
Asia Brands HR Services Sdn. Bhd. ("ABHR")	100	100	Providing share services function including finance, human resources, IT, administrative and others.
Baby Palace Sdn. Bhd. ("BPSB") *	100	100	Trading and retailing in baby and children wear, care and related products through boutique outlet.
Generasi Cerdas Sdn. Bhd. ("GCSB") **	100	100	Trading in adult wear, care and related products through HTO. The Company was dormant during the financial year.
Generasi Fesyen Aktif Sdn. Bhd. ("GFASB") ** ~	100	100	Not commenced business since its incorporation.
Astra Brands Sdn. Bhd. ("ABSB") ***~	100	-	Wholesale distribution of baby and infant products.

Held through AUSB.
* Held through AKSB.
** Held through BUMM.
*** Held through BPSB.
= On 1 April 2014, the Company disposed of its wholly-owned subsidiary, GPSB comprising 1,000,000 ordinary shares of RM1 each to another wholly-owned subsidiary, AKSB for a total consideration of RM1,000,000. As this represented an internal restructuring, the Group's effective equity interest remained unchanged.
^ On 2 September 2014, the wholly-owned subsidiary, MJSB disposed of its wholly-owned subsidiary, GDSB comprising 2 ordinary shares of RM1 each to another wholly-owned subsidiary, AUSB for a total cash consideration of RM2. As this represented an internal restructuring, the Group's effective equity interest remained unchanged.
~ These subsidiaries were audited by other firms of chartered accountants.

During the current financial year, the wholly-owned sub-subsidiary of the Company, Baby Palace Sdn. Bhd. has acquired 100% equity interests in Astra Brands Sdn. Bhd. The details of the acquisition are disclosed in Note 31 to the financial statements.

7. PLANT AND EQUIPMENT

	At 1.4.2015 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charge RM	At 31.3.2016 RM
The Group						
2016						
Net Book Value						
Computer equipment	542,758	200,410	-	-	(375,208)	367,960
Display counters	22,447,120	1,940,236	-	(860,704)	(7,213,123)	16,313,529
Office equipment	229,655	418,311	-	-	(69,744)	578,222
Renovation	2,516,816	-	(845)	(36,160)	(1,018,033)	1,461,778
Motor vehicles	497,498	222,795	-	-	(261,427)	458,866
	26,233,847	2,781,752	(845)	(896,864)	(8,937,535)	19,180,355

	At 1.4.2014 RM	Additions RM	Transfer RM	Disposals RM	Written Off RM	Depreciation Charge RM	At 31.3.2015 RM
The Group							
2015							
Net Book Value							
Computer equipment	982,953	201,321	-	-	(8,235)	(633,281)	542,758
Display counters	16,464,761	11,926,008	327,331	(1)	(21,066)	(6,249,913)	22,447,120
Office equipment	188,264	65,368	-	-	-	(23,977)	229,655
Store equipment	25	-	-	-	(4)	(21)	-
Renovation	4,150,255	-	(327,331)	-	(44,464)	(1,261,644)	2,516,816
Motor vehicles	714,944	-	-	-	-	(217,446)	497,498
	22,501,202	12,192,697	-	(1)	(73,769)	(8,386,282)	26,233,847

7. PLANT AND EQUIPMENT (CONT'D)

The Group	**At Cost RM**	**Accumulated Depreciation RM**	**Net Book Value RM**
2016			
Computer equipment	4,631,729	(4,263,769)	367,960
Display counters	40,730,377	(24,416,848)	16,313,529
Office equipment	700,341	(122,119)	578,222
Renovation	5,749,383	(4,287,605)	1,461,778
Motor vehicles	1,225,773	(766,907)	458,866
	53,037,603	(33,857,248)	19,180,355

The Group	**At Cost RM**	**Accumulated Depreciation RM**	**Net Book Value RM**
2015			
Computer equipment	4,431,319	(3,888,561)	542,758
Display counters	41,086,664	(18,639,544)	22,447,120
Office equipment	282,030	(52,375)	229,655
Renovation	5,862,484	(3,345,668)	2,516,816
Motor vehicles	1,002,978	(505,480)	497,498
	52,665,475	(26,431,628)	26,233,847

	At 1.4.2015 RM	**Depreciation Charge RM**	**At 31.3.2016 RM**
The Company			
2016			
Net Book Value			
Motor vehicles	143,750	(69,000)	74,750

	At 1.4.2014 RM	**Depreciation Charge RM**	**At 31.3.2015 RM**
The Company			
2015			
Net Book Value			
Motor vehicles	212,750	(69,000)	143,750

7. PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2016			
Motor vehicles	345,000	(270,250)	74,750
2015			
Motor vehicles	345,000	(201,250)	143,750

At the end of the reporting period, the net book value of the equipment acquired under hire purchase term is as follows:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Motor vehicle	74,750	143,750	74,750	143,750

8. INTANGIBLE ASSETS

	The Group	
	2016 RM	2015 RM
Trademarks	138,238,375	138,238,375

Intangible assets represent the trademarks for the brands of "Antioni", "B.U.M.", "Bontton", "Anakku" and "Audrey".

Trademarks have been allocated for impairment testing to the Group's cash-generating unit ("CGU").

The Group has assessed the recoverable amount of trademarks and determined that the trademarks are not impaired.

Key assumptions used in value-in-use calculations

The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flow projections are based on 5 years financial budgets approved by management. Cash flows beyond the 5th year are extrapolated to indefinite years using a terminal zero growth rate. The key assumptions used for the value in use calculations are:

	Gross Margin		Growth Rate		Discount Rate	
	2016	2015	2016	2015	2016	2015
Adult wear	37 - 40%	48.0%	1.0%	1.0%	10.1%	7.2%
Baby wear	50 - 55%	49.0%	3 - 5.7%	5.0%	21.0%	7.2%
Lingerie wear	62 - 65%	66.0%	1 - 3%	5.0%	8.4%	7.2%

The key assumptions used by management in the determination of the impairment testing of the trademarks are as follows:-

(a) Budgeted gross margin

The basis used to determine the budgeted gross margin is the average gross margins achieved in recent years immediately before the budgeted year and after incorporating the effects of merchandising improvement and new marketing strategies.

(b) Growth rate

The basis used to determine the growth rate is the revenue growth achieved in recent years taking into account the increase in consumers spending as a result of merchandising improvement and new marketing strategies.

8. INTANGIBLE ASSETS (CONT'D)

(c) **Discount rate (pre-tax)**

Reflects specific risks relating to the relevant operating segments.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

Sensitivity to changes in assumptions

Cost of goods sold price inflation

Management has considered the possibility of greater than budgeted cost of goods sold. The Group believes that it will be able to pass on the effect of increase in cost of goods sold to its customers through increase in selling prices which will be supported by product improvements.

The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit's carrying amount to exceed its recoverable amount except as disclosed in Note 9 to the financial statements.

9. GOODWILL ON CONSOLIDATION

	The Group	
	2016 RM	2015 RM
Cost :-		
At 1 April	33,283,868	33,283,868
Acquisition of a subsidiary (Note 31)	2,784,529	-
At 31 March	36,068,397	33,283,868
Accumulated impairment losses:-		
At 1 April	-	-
Impairment during the financial year (Note 27)	(5,163,529)	-
At 31 March	(5,163,529)	-
	30,904,868	33,283,868

Goodwill on consolidation arose from the acquisition of AKSB, AUSB, MJSB, ABG, ABAM, GDSB, ABHR and ABSB.

Goodwill on consolidation is stated at cost and reviewed for impairment annually.

Goodwill on consolidation has been allocated for impairment testing to the Group's cash-generating unit ("CGU").

In the current financial year, impairment losses of RM2,379,000 and RM2,784,529 were recognised on AKSB and ABSB, respectively in "Administrative and Other Operating Expenses" line item of the statement of profit or loss and other comprehensive income as the subsidiaries incurred losses during the financial year.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach. Cash flow projections are based on 5 years financial budgets approved by management. Cash flows beyond the 5th year are extrapolated to indefinite years using a terminal zero growth rate. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2016	2015	2016	2015	2016	2015
Adult wear	37 - 40%	48.0%	1.0%	1.0%	10.1%	7.2%
Baby wear	50 - 55%	49.0%	3 - 5.7%	5.0%	21.0%	7.2%
Lingerie wear	62 - 65%	66.0%	1 - 3%	5.0%	8.4%	7.2%

9. GOODWILL ON CONSOLIDATION (CONT'D)

The key assumptions used by management in the determination of the impairment testing of the goodwill are as follows:-

(a) Budgeted gross margin

The basis used to determine the budgeted gross margin is the average gross margins achieved in recent years immediately before **the budgeted year and after incorporating the effects of merchandising improvement and new marketing strategies.**

(b) Growth rate

The basis used to determine the growth rate is the revenue growth achieved in recent years taking into account the increase in consumers spending as a result of merchandising improvement and new marketing strategies.

(c) Discount rate (pre-tax)

Reflects specific risks relating to the relevant operating segments.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

Sensitivity to changes in assumptions

Cost of goods sold price inflation

Management has considered the possibility of greater than budgeted cost of goods sold. The Group believes that it will be able to pass on the effect of increase in cost of goods sold to its customers through increase in selling prices which will be supported by product improvements.

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the value of the goodwill to be materially higher than its recoverable amount other than as follows:-

The changes in assumptions are particularly sensitive in the following areas:-

CGU – Babv Wear

(i) a 1% decrease in the gross margin would result in the carrying amount of the CGU exceeding its recoverable amount by approximately RM7 million; or

(ii) a 1% decrease in the projected revenue would result in the carrying amount of the CGU exceeding its recoverable amount by approximately RM2 million.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 April 2015/2014	(207,100)	(505,200)	-	-
Recognised in profit or loss (Note 28)	181,100	298,100	-	-
At 31 March 2016/2015	(26,000)	(207,100)	-	-

Presented after appropriate offsetting as follows:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax assets	-	80,000	-	-
Deferred tax liabilities	(26,000)	(287,100)	-	-
	(26,000)	(207,100)	-	-

The deferred tax assets/(liabilities) of the Group and of the Company represent tax effects arising from temporary differences between depreciation and capital allowances on the qualifying cost of plant and equipment, provision for bonus, provision for employees' benefits, allowance for impairment losses on receivables and inventories written down.

11. INVENTORIES

	The Group	
	2016 RM	2015 RM
Finished goods:		
Cost	136,265,583	160,715,158
Recognised in profit or loss:-		
Inventories recognised as cost of sales	139,057,207	174,903,162
Inventories written down	134,930	-
Inventories written off	7,696,099	4,601,714
Writeback of inventories written off	(3,717,472)	(1,445,518)

12. TRADE RECEIVABLES

	The Group	
	2016 RM	2015 RM
Trade receivables	58,013,007	64,981,348
Less: Allowance for impairment losses	(7,261,147)	(1,094,894)
	50,751,860	63,886,454
Allowance for impairment losses:		
At 1 April 2015/2014	(1,094,894)	(760,346)
Addition during the financial year (Note 27)	(7,254,648)	(1,094,894)
Reversal during the financial year (Note 27)	1,088,395	760,346
At 31 March 2016/2015	(7,261,147)	(1,094,894)

The Group's normal trade credit terms range from 30 to 120 (2015 - 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other receivables	6,864,820	7,090,834	1,685	70,000
Less: Allowance for impairment losses	(1,814,842)	-	-	-
	5,049,978	7,090,834	1,685	70,000
Deposits	10,200,758	11,425,019	1,500	1,500
Prepayments	856,361	1,489,057	4,076	586
	16,107,097	20,004,910	7,261	72,086
Allowance for impairment losses:				
At 1 April 2015/2014	-	-	-	-
Addition during the financial year (Note 27)	(1,814,842)	-	-	-
At 31 March 2016/2015	(1,814,842)	-	-	-

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2016 RM	2015 RM
Amount Owing by Subsidiaries		
Non-trade balances	1,762,800	16,237,551
Less: Allowance for impairment losses	(1,154,000)	(1,150,000)
	608,800	15,087,551
Allowance for impairment losses:-		
At 1 April 2015/2014	(1,150,000)	(7,147,605)
Addition during the financial year (Note 27)	(4,000)	-
Reversal during the financial year (Note 27)	-	358,754
Written off during the financial year	-	5,638,851
At 31 March 2016/2015	(1,154,000)	(1,150,000)

	The Company	
	2016 RM	2015 RM
Amount Owing to Subsidiaries		
Non-trade balances	(4,190,397)	(914,685)

The non-trade balances are unsecured, interest-free and receivable/(repayable) on demand. The amounts owing are to be settled in cash.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 0.24% to 4.05% (2015 – 0.25% to 2.7%) per annum and 0.24% (2015 – 0.25% to 0.26%) per annum, respectively. The fixed deposits have maturity periods ranging from 31 to 187 days (2015 – 31 to 60 days) and 31 days (2015 – 31 days) for the Group and the Company, respectively.

16. SHARE CAPITAL

	The Group/The Company			
	2016	2015	2016	2015
	Number Of Shares		RM	RM
Authorised				
Ordinary Shares of RM1 Each	100,000,000	100,000,000	100,000,000	100,000,000
Issued And Fully Paid-up				
Ordinary Shares of RM1 Each	79,117,214	79,117,214	79,117,214	79,117,214

17. RESERVES

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Share premium	(a)	51,313,387	51,313,387	51,313,387	51,313,387
Retained profits		64,227,113	109,845,437	119,687,930	116,268,563
		115,540,500	161,158,824	171,001,317	167,581,950

(a) Share Premium

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

18. HIRE PURCHASE PAYABLE

	The Group/The Company	
	2016	2015
	RM	RM
Minimum hire purchase payments:		
- not later than one year	22,452	22,452
- later than one year and not later than five years	3,732	26,184
	26,184	48,636
Less: Future finance charges	(703)	(2,349)
Present value of hire purchase payable	25,481	46,287

	The Group/The Company	
	2016	2015
	RM	RM
Secured:		
Non-Current		
Later than one year and not later than five years	3,712	25,482
Current		
Not later than one year	21,769	20,805
	25,481	46,287

The hire purchase payable of the Group and of the Company bore an effective interest rate of 4.64% (2015 – 4.64%) per annum at the end of the reporting period.

19. ISLAMIC MEDIUM TERM NOTES

	The Group	
	2016 RM	2015 RM
Current		
Not later than one year	10,000,000	-
Reclassified from non-current liabilities (Note B)	120,000,000	-
	130,000,000	-
Non-Current		
Later than one year and not later than two years	30,000,000	10,000,000
Later than two years and not later than five years	90,000,000	90,000,000
	120,000,000	100,000,000
Reclassified to current liabilities (Note B)	(120,000,000)	-
	-	100,000,000

(A) Details of the Islamic medium term notes ("IMTN") repayment schedule at the end of the reporting period are as follows:-

Transche	Series	Nominal value (RM million)	Issue Date	Maturity Date	Tenure
1	1	10	16 Mar 2015	16 Mar 2017	2
1	2	30	16 Mar 2015	16 Mar 2018	3
1	3	40	16 Mar 2015	16 Mar 2019	4
1	4	20	16 Mar 2015	16 Mar 2020	5
2	5	10	16 Apr 2015	16 Mar 2020	5
3	6	10	16 May2015	16 Mar 2020	5
4	7	10	16 Jun 2015	16 Mar 2020	5

The Islamic medium term notes bore a weighted average effective interest rate of 6.39% (2015 – 6.18%) per annum at the end of the reporting period and are secured by:-

(a) a security trust deed;

(b) a corporate guarantee;

(c) a first party first ranking debenture;

(d) a third party first ranking debenture on the assets of AUSB and BUMM;

(e) a third party first ranking legal charge and assignment over the Finance Service Reserve Account;

(f) a first party first ranking legal charge and assignment over the Disbursement Account;

(g) a first party legal assignment of Master Inter-Company Financing Agreement; and

(h) Memorandum of Deposit of Shares in relation to the following:-

a) 500,000 issued and fully paid up ordinary shares in the issued share capital of AKSB comprising 100% of the issued share capital of AKSB which are legally and beneficially owned by Asia Brands Berhad ("ABB").

b) 2,500,000 issued and fully paid up ordinary shares in the issued share capital of AUSB comprising 100% of the issued share capital of AUSB which are legally and beneficially owned by ABB.

c) 5,000,000 issued and fully paid up ordinary shares in the issued share capital of BUMM comprising 100% of the issued share capital of BUMM which are legally and beneficially owned by ABB.

19. ISLAMIC MEDIUM TERM NOTES (CONT'D)

The IMTN contained the following financial covenants which the Group need to comply with, are as follows:-

(i) Finance to Equity Ratio ("F:E Ratio"); and

(ii) Finance Service Cover Ratio ("FSCR").

(B) During the financial year, the Group's FSCR ratio was lower than the required ratio under the terms of the IMTN. The Group has written to the financial institutions to seek extension of time to address the non-compliance. The Group is presently in discussion with the financial institutions regarding their application for the extention of time. The directors, based on the progress of these discussions, are of the opinion that the extension is likely to be granted. Currently, the entire IMTN has been reclassified as current liabilities in the financial statements.

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2015 - 30 to 90) days.

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables	5,227,641	6,690,594	33,161	33,271
Provision for employees' benefits	-	557,402	-	-
Accruals	3,986,069	6,452,404	197,050	195,626
	9,213,710	13,700,400	230,211	228,897

22. AMOUNT OWING TO HOLDING COMPANY

The amount owing is unsecured, interest-fee, repayable on demand and to be settled in cash. In the previous financial year, the non-trade balances bore an interest at 5.50% per annum.

23. AMOUNT OWING TO A RELATED PARTY

in the previous financial year, the trade balance was subjected to the normal trade credit terms. The amount owing was unsecured and was settled in cash.

24. BANKERS' ACCEPTANCES

The bankers' acceptances of the Group bore effective interest rates ranging from 4.95% to 5.87% (2015 – 4.79% to 5.71%) per annum at the end of the reporting period and are secured by:

(a) a negative pledge; and
(b) a corporate guarantee of the Company.

25. BANK OVERDRAFTS

The bank overdraft of the Group bore a weighted average effective interest rate of 8.35% per annum and was secured in the same manner as the bankers' acceptances disclosed in Note 24 to the financial statements.

26. REVENUE

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods less returns and discounts	234,074,013	332,312,616	-	-
Royalty income	7,746,748	1,693,726	-	-
Dividend income	-	-	18,000,000	62,700,000
	241,820,761	334,006,342	18,000,000	62,700,000

27. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Audit fee:				
- current financial year	245,000	236,317	55,000	50,000
- underprovision in the previous financial year	500	-	-	-
Bad debts written off:				
- former subsidiary	-	6,476,056	-	-
- trade receivables	430	125,522	-	-
Depreciation of plant and equipment (Note 7)	8,937,535	8,386,282	69,000	69,000
Directors' remuneration (Note 34)	1,380,232	1,599,920	132,000	132,000
Impairment loss:				
- investment in a subsidiary (Note 6)	-	-	13,527,000	33,000
- trade receivables (Note 12)	7,254,648	1,094,894	-	-
- other receivables (Note 13)	1,814,842	-	-	-
- amount owing by subsidiaries (Note 14)	-	-	4,000	-
- goodwill (Note 9)	5,163,529	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bankers' acceptances	1,919,676	2,835,165	-	-
- term loans	-	5,817,530	-	5,817,530
- loan from holding company	243,335	173,438	243,335	-
- bank overdrafts	68,597	551,012	-	1,152
- hire purchase	1,647	2,611	1,647	2,611
- Islamic medium term notes	8,025,563	253,973	-	-
Inventories written down	134,930	-	-	-
Inventories written off	7,696,099	4,601,714	-	-
Plant and equipment written off (Note 7)	896,864	73,769	-	-
Rental expenses on:				
- equipment	(300)	58,907	-	-
- premises	28,585,811	31,518,920	-	-
Royalty expenses	4,064,990	3,616,643	-	-
Gain on disposal of a subsidiary	-	(6,483,099)	-	(7,999)
Staff costs (including other key management personnel as disclosed in Note 34)				
- salaries, wages, bonuses and allowances	12,785,167	13,012,225	-	-
- defined contribution plan	1,644,076	1,661,617	-	-
- other related expenses	343,965	1,249,799	1,098	893
Dividend income from subsidiaries	-	-	(18,000,000)	(62,700,000)
Realised gain on foreign exchange	(3,587)	(13,739)	-	-
Gain on disposal of plant and equipment	(1,042)	(299)	-	-
Interest income on financial assets not at fair value through profit or loss	(213,446)	(202,774)	(15,696)	(173,460)
Reversal of impairment losses on receivables (Note 12)	(1,088,395)	(760,346)	-	(358,754)
Reversal of impairment loss on investment in a subsidiary (Note 6)	-	-	-	(217,499)
Writeback of inventories written off	(3,717,472)	(1,445,518)	-	-

28. INCOME TAX EXPENSE

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax:				
- for the current financial year	116,000	4,740,309	-	36,500
- underprovision in the previous financial year	78,883	496,126	19	126,419
	194,883	5,236,435	19	162,919
Deferred tax (Note 10):				
- for the current financial year	(181,100)	(298,100)	-	-
	13,783	4,938,335	19	162,919

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	(45,208,955)	6,553,140	3,814,972	57,089,709
Tax at the statutory tax rate of 24% (2015 – 25%)	(10,850,149)	1,638,286	915,593	14,272,427
Tax effects of:-				
Non-taxable income	(3,767)	(1,705,693)	(4,323,767)	(15,676,558)
Non-deductible expenses	2,541,650	5,369,966	3,408,174	1,440,631
Deferred tax assets not recognised during the financial year	8,281,325	-	-	-
Utilisation of deferred tax assets previously not recognised	(34,159)	(860,350)	-	-
Underprovision of income tax in the previous year	78,883	496,126	19	126,419
income tax expense for the financial year	13,783	4,938,335	19	162,919

During the financial year, the statutory tax rate was reduced from 25% to 24%.

No deferred tax assets are recognised in respect of the following items:-

	The Group	
	2016 RM	2015 RM
Unutilised tax losses	32,486,322	6,844,800
Unabsorbed capital allowances	6,294,000	2,668,000
Other deductible differences	4,655,000	(583,000)
	43,435,322	8,929,800

29. (LOSS)/EARNINGS PER SHARE

	The Group	
	2016 **RM**	**2015** **RM**
(Loss)/Profit after taxation (RM)	(45,222,738)	1,614,805
Number of ordinary shares at 31 March 2016/2015	79,117,214	79,117,214
Basic (loss)/earnings per ordinary share (Sen)	(57.16)	2.04

The diluted (loss)/earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

30. DIVIDEND

		The Group/ The Company	
	Sen Per Share	**2016** **RM**	**2015** **RM**
Final single tier tax-exempt dividend of 0.5 sen per ordinary share in respect of financial year ended 31 March 2015	0.50	395,586	-
Final single tier tax-exempt dividend of 5 Sen per ordinary share in respect of financial year ended 31 March 2014	5.00	-	3,955,861
		395,586	3,955,861

31. ACQUISITION OF A SUBSIDIARY

On 1 August 2015, the wholly-owned sub-subsidiary, Baby Palace Sdn. Bhd. ("BPSP") acquired 100 ordinary shares of RM1 each, representing the entire equity interest in Astra Brands Sdn. Bhd. ("ABSB"). Consequently, ABSB became a wholly-owned sub-sub subsidiary of the Company.

31. ACQUISITION OF A SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2016 RM
Inventories	10,394,470
Trade receivables	11,180,597
Other receivables, deposits and prepayments	140,884
Amount owing by related party	8,629,170
Cash and bank balances	339,187
Trade payables	(16,229,948)
Other payables and accruals	(8,594,145)
Amount owing to related party	(3,644,644)
Amount owing to directors	(5,000,000)
Net identifiable liabilities	(2,784,429)
Add: Goodwill arising on consolidation	2,784,529
Total purchase consideration	100
Less: Cash and cash equivalents of subsidiary acquired	(339,187)
Net cash inflow on acquisition of subsidiary	(339,087)

The acquired subsidiary has contributed the following results to the Group:-

	The Group 1.8.2015 to 31.3.2016 RM
Revenue	4,338,107
Loss after taxation	(5,604,688)

32. DISPOSAL OF A SUBSIDIARY

On 23 May 2014, the Company entered into a Sale and Purchase Agreement to dispose of the entire equity interest in Cocomax, comprising 2,550,000 ordinary shares of RM1 each for a total consideration of RM8,000. The transaction was completed on 13 June 2014.

In the previous financial year, the effect on the statement of financial position of Cocomax Sdn. Bhd. at the date of disposal was as follows:-

	RM
Cash and bank balances	3,725
Other payables and accruals	(2,768)
Amount owing to holding company	(5,638,851)
Amount owing to related companies	(837,205)
Net identifiable assets and liabilities	(6,475,099)
Less: Gain on disposal of subsidiary	6,483,099
Sale proceeds from disposal of subsidiary	8,000
Less: Cash and cash equivalents of subsidiary disposal	3,725
Net cash inflow on disposal of a subsidiary	4,275

33. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fixed deposits with licensed banks	4,120,345	8,455,361	5,345	8,455,361
Cash and bank balances	5,761,701	13,150,482	15,050	184,397
Bank overdrafts	(2,901,162)	-	-	-
	6,980,884	21,605,843	20,395	8,639,758
Less: Fixed deposit with licensed bank with maturity more than 3 months (Note 15)	(4,115,000)	-	-	-
	2,865,884	21,605,843	20,395	8,639,758

34. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) **The key management personnel compensation during the financial year are as follows:-**

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors				
Directors of the Company				
Executive directors:				
Short-term employee benefits:				
- salaries, bonuses and other benefits	360,000	450,000	-	-
- defined contribution plans	43,820	54,620	-	-
	403,820	504,620	-	-
Benefits-in-kind	17,400	17,400	-	-
	421,220	522,020	-	-
Non-executive directors:				
Short-term employee benefits:				
- fees	132,000	135,000	132,000	132,000
	553,220	657,020	132,000	132,000
Directors of the Subsidiaries				
Executive directors:				
Short-term employee benefits:				
- salaries, bonuses and other benefits	708,000	811,000	-	-
- defined contribution plans	86,912	99,800	-	-
	794,912	910,800	-	-
Benefits-in-kind	32,100	32,100	-	-
	827,012	942,900	-	-
Total directors' remuneration (Note 27)	1,380,232	1,599,920	132,000	132,000

34. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows:- (Cont'd)

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other Key Management Personnel				
Short-term employee benefits	826,538	243,470	-	-
Defined contribution plans	100,669	29,852	-	-
Total compensation for other key management personnel (Note 27)	927,207	273,322	-	-

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	Number of Directors		Number of Directors	
Executive Directors				
RM400,001 – RM450,000	1	-	-	-
RM500,001 – RM550,000	-	1	-	-
	1	1	-	-
Non-executive Directors				
Below RM50,000	3	3	3	3
	4	4	3	3

35. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, its holding company, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

		The Group		The Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Dividend income from subsidiaries		-	-	18,000,000	62,700,000
Purchase of goods from related parties	(a)	-	359,895	-	-

(a) A company in which Mr. Ng Chin Huat has a substantial financial interest.

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

36. OPERATING SEGMENTS

(a) Operating segments information is not provided as the Group is principally engaged in wholesale, retail and distribution of ready-made casual wear, baby and children wear, lingerie and ladies wear and their related accessories which are substantially within a single business segment.

(b) Geographical information

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

(c) Major customer

There are no single customers that contributed 10% or more to the Group's revenue.

37. CAPITAL COMMITMENT

	The Group	
	2016	**2015**
	RM	**RM**
Contracted But Not Provided For:-		
Purchase of equipment	-	96,000

38. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2016	**2015**
	RM	**RM**
Not more than one year	15,674,032	23,420,683
Later than one year and not later than five years	5,622,679	13,205,607
	21,296,711	36,626,290

39. CONTINGENT LIABILITIES

Group

Ongoing legal proceedings

On 11 January 2002, the subsidiaries, Bontton (proprietor of the "Diesel" trademark in relation to articles of clothing in Malaysia) and Diesel Marketing (the authorised licensee of Bontton for the said "Diesel" trademark) (collectively referred to as "the Plaintiffs"), filed a suit against Apcott PP (M) Sdn. Bhd. (1st Defendant), based on passing-off and claiming an injunction to restrain the 1st Defendant from using the "Diesel" name in relation to bags and other fashion goods in Malaysia and to claim for general damages. Subsequently, Diesel S.P.A, a corporation incorporated in Italy, successfully applied to be a joint party to the above suit as the 2nd Defendant.

Pursuant thereto, the Plaintiffs filed an Amended Writ and Statement of Claim which included a claim for Rectification of the Register of Trade Marks to expunge and to vary the 2nd Defendant's registration for the mark "Diesel".

On 15 November 2002, an interim injunction entered against the 1st Defendant restraining the 1st Defendant, until the disposal of the main suit, from carrying on the business of manufacturing, distributing, selling or otherwise dealing by way of trade in certain fashion goods using the trademark "Diesel". On the same date, the 1st Defendant had also given an undertaking to the Court that they had never carried on the business of importing, distributing, selling or otherwise dealing in the course of trade with wearing apparel using the trademark "Diesel" and would not do so until the final disposal of the said suit.

Both defendants have filed their respective Defence and Counter-Claim, which included a claim for injunction and damages arising from alleged infringement and passing-off of the 2nd Defendant's "Diesel" mark by the Plaintiffs.

39. CONTINGENT LIABILITIES (CONT'D)

Group

Ongoing legal proceedings (Cont'd)

The Plaintiffs filed their Reply and Defence to Counter-Claim of both defendants on 10 February 2004. The matter is now pending the filing of the Reply to Defence to Counter-Claim by both defendants. Thereafter, pleadings will be deemed closed and all parties will then proceed to discovery. This is currently pending a trial date to be set by High Court to complete the discovery.

The Group has not made any allowance for possible losses arising from this litigation as the maximum exposure of liabilities to the Group, if any, will depend on the outcome of the suit.

Others

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	2016 RM	2015 RM
Corporate guarantees given to financial institutions in respect of credit facilities extended to :		
- subsidiaries	267,660,000	296,160,000

40. FINANCIAL INSTRUMENTS

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

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Brunei Dollar ("BND") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	Brunei Dollar RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
2016				
Financial Assets				
Trade receivables	60,346	115,331	50,576,183	50,751,860
Other receivables and deposits	-	-	15,250,736	15,250,736
Fixed deposits with licensed banks	-	-	4,120,345	4,120,345
Cash and bank balances	-	-	5,761,701	5,761,701
	60,346	115,331	75,708,965	75,884,642

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	**Brunei Dollar RM**	**United States Dollar RM**	**Ringgit Malaysia RM**	**Total RM**
2016				
Financial Liabilities				
Trade payables	-	-	17,383,110	17,383,110
Other payables and accruals	-	136,109	9,077,601	9,213,710
Amount owing to holding company	-	-	18,965,000	18,965,000
Hire purchase payable	-	-	25,481	25,481
Islamic medium term notes	-	-	130,000,000	130,000,000
Bankers' acceptances	-	-	36,000,000	36,000,000
Bank overdraft	-	-	2,901,162	2,901,162
	-	136,109	214,352,354	214,488,463
Net financial assets/(liabilities)	60,346	(20,778)	(138,643,389)	(138,603,821)
Add: Net financial liabilities denominated in the respective entities' functional currency	-	-	138,643,389	138,643,389
Currency exposure	60,346	(20,778)	-	39,568

The Group	**Brunei Dollar RM**	**Ringgit Malaysia RM**	**Total RM**
2015			
Financial Assets			
Trade receivables	1,036,394	62,850,060	63,886,454
Other receivables and deposits	-	18,515,853	18,515,853
Fixed deposits with licensed banks	-	8,455,361	8,455,361
Cash and bank balances	-	13,150,482	13,150,482
	1,036,394	102,971,756	104,008,150
Financial Liabilities			
Trade payables	-	19,810,295	19,810,295
Other payables and accruals	-	13,700,400	13,700,400
Amount owing to holding company	-	40,088,110	40,088,110
Amount owing to a related party	-	356,357	356,357
Hire purchase payable	-	46,287	46,287
Islamic medium term notes	-	100,000,000	100,000,000
Bankers' acceptances	-	56,190,000	56,190,000
	-	230,191,449	230,191,449
Net financial assets/(liabilities)	1,036,394	(127,219,693)	(126,183,299)
Add: Net financial liabilities denominated in the respective entities' functional currency	-	127,219,693	127,219,693
Currency exposure	1,036,394	-	1,036,394

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016 RM	**2015 RM**
Effects on (Loss)/Profit After Taxation		
BND/RM		
- strengthened by 5%	– 2,293	+ 38,865
- weakened by 5%	+ 2,293	– 38,865
USD/RM		
- strengthened by 5%	+ 790	-
- weakened by 5%	- 790	-
Effects on Other Comprehensive Income		
BND/RM		
- strengthened by 5%	-	-
- weakened by 5%	-	-
USD/RM		
- strengthened by 5%	-	-
- weakened by 5%	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 19 and 25 to the financial statements.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (cont'd)

Interest Rate Risk Sensitivity Analysis

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

	The Group		The Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Effects on (Loss)/Profit After Taxation				
Increase of 25 basis points	+252,512	-187,500	-	-
Decrease of 25 basis points	-252,512	+187,500	-	-
Effects on Other Comprehensive Income				
Increase of 25 basis points	-	-	-	-
Decrease of 25 basis points	-	-	-	-

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 7 customers which constituted approximately 21% of its trade receivables at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group 2016 RM	The Group 2015 RM
Malaysia	50,576,183	62,850,060
Brunei	60,346	1,036,394
Myanmar	115,331	-
	50,751,860	63,886,454

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing analysis

The ageing analysis of the trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2016				
Not past due	27,993,966	-	-	27,993,966
Past due:				
- less than 60 days	13,806,669	-	-	13,806,669
- over 60 days	16,212,372	(572,100)	(6,689,047)	8,951,225
	58,013,007	(572,100)	(6,689,047)	50,751,860
2015				
Not past due	47,130,389	-	-	47,130,389
Past due:				
- less than 60 days	11,605,249	-	-	11,605,249
- over 60 days	6,245,710	-	(1,094,894)	5,150,816
	64,981,348	-	(1,094,894)	63,886,454

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but no impaired because they are companies with good collection track record and no recent history of default.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

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

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2016						
Non-derivative Financial Liabilities						
Trade payables	-	17,383,110	17,383,110	17,383,110	-	-
Other payables and accruals	-	9,213,710	9,213,710	9,213,710	-	-
Amount owing to holding company	-	18,965,000	18,965,000	18,965,000	-	-
Hire purchase payable	4.64	25,481	26,184	22,452	3,732	-
Islamic medium term notes	6.39	130,000,000	155,316,558	155,316,558	-	-
Bankers' acceptances	4.95-5.87	36,000,000	36,000,000	36,000,000	-	-
Bank overdraft	8.35	2,901,162	2,901,162	2,901,162	-	-
		214,488,463	239,805,724	239,801,992	3,732	-
2015						
Non-derivative Financial Liabilities						
Trade payables	-	19,810,295	19,810,295	19,810,295	-	-
Other payables and accruals	-	13,700,400	13,700,400	13,700,400	-	-
Amount owing to holding company	5.50	40,088,110	42,292,956	42,292,956	-	-
Amount owing to a related party	-	356,357	356,357	356,357	-	-
Hire purchase payable	4.64	46,287	48,636	22,452	26,184	-
Islamic medium term notes	6.18	100,000,000	122,886,318	6,196,932	116,689,386	-
Bankers' acceptances	4.79 - 5.71	56,190,000	56,190,000	56,190,000	-	-
		230,191,449	255,284,962	138,569,392	116,715,570	-

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2016						
Non-derivative Financial Liabilities						
Other payables and accruals	-	230,211	230,211	230,211	-	-
Amount owing to subsidiaries	-	4,190,397	4,190,397	4,190,397	-	-
Amount owing to holding company	-	7,165,000	7,165,000	7,165,000	-	-
Hire purchase payable	4.64	25,481	26,184	22,452	3,732	-
		11,611,089	11,611,792	11,608,060	3,732	-
2015						
Non-derivative Financial Liabilities						
Other payables and accruals	-	228,897	228,897	228,897	-	-
Amount owing to subsidiaries	-	914,685	914,685	914,685	-	-
Amount owing to holding company	5.50	40,088,110	42,292,956	42,292,956	-	-
Hire purchase payable	4.64	46,287	48,636	22,452	26,184	-
		41,277,979	43,485,174	43,458,990	26,184	-

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2016	**2015**
	RM	**RM**
Hire purchase payable	25,481	46,287
Islamic medium term notes	130,000,000	100,000,000
Bankers' acceptances	36,000,000	56,190,000
Bank overdrafts	2,901,162	-
	168,926,643	156,236,287
Less: Fixed deposits with licensed banks	(4,120,345)	(8,455,361)
Less: Cash and bank balances	(5,761,701)	(13,150,482)
Net debt	159,044,597	134,630,444
Total equity	194,657,714	240,276,038
Debt-to-equity ratio	0.82	0.56

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan convenants as disclosed in Note 19 to the financial statements, failing which, the banks may call an event of default. The Group has breached this convenant and the consequences of such non-compliance is disclosed in Note 19 to the financial statements.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial Asset				
Loans and receivables financial assets				
Trade receivables (Note 12)	50,751,860	63,886,454	-	-
Other receivables and deposits (Note 13)	15,250,736	18,515,853	3,185	71,500
Amount owing by subsidiaries (Note 14)	-	-	608,800	15,087,551
Fixed deposits with licensed banks (Note 15)	4,120,345	8,455,361	5,345	8,455,361
Cash and bank balances	5,761,701	13,150,482	15,050	184,397
	75,884,642	104,008,150	632,380	23,798,809
Financial Liabilities				
Other financial liabilities				
Trade payables (Note 20)	17,383,110	19,810,295	-	-
Other payables and accruals (Note 21)	9,213,710	13,700,400	230,211	228,897
Amount owing to holding company (Note 22)	18,965,000	40,088,110	7,165,000	40,088,110
Amount owing to subsidiaries (Note 14)	-	-	4,190,397	914,685
Amount owing to a related party (Note 23)	-	356,357	-	-
Hire purchase payable (Note 18)	25,481	46,287	25,481	46,287
Islamic medium term notes (Note 19)	130,000,000	100,000,000	-	-
Bankers' acceptances (Note 24)	36,000,000	56,190,000	-	-
Bank overdrafts (Note 25)	2,901,162	-	-	-
	214,488,463	230,191,449	11,611,089	41,277,979

40.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2016								
Financial liabilities								
Hire purchase payable	-	-	-	-	25,462	-	25,462	25,481
Islamic medium term notes	-	-	-	-	130,000,000	-	130,000,000	130,000,000
2015								
Financial liabilities								
Hire purchase payable	-	-	-	-	46,258	-	46,258	46,287
Islamic medium term notes	-	-	-	-	100,000,000	-	100,000,000	100,000,000

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Carried At Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Fair Value Of Financial Instruments Not Carried At Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2016								
Financial liability								
Hire purchase payable	-	-	-	-	25,462	-	25,462	25,481
2015								
Financial liability								
Hire purchase payable	-	-	-	-	46,258	-	46,258	46,287

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(a) The fair values hire purchase payable and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group 2016 %	The Group 2015 %	The Company 2016 %	The Company 2015 %
Hire purchase payable	4.50	4.50	4.50	4.50
Islamic medium term notes	6.45	6.18	-	-

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the Group undertook the following:-

(a) On 1 August 2015, a wholly-owned sub-subsidiary of the Company, Baby Palace Sdn. Bhd. acquired 100 ordinary shares of RM1 each representing 100% equity interest in Astra Brands Sdn. Bhd. ("ABSB"), for a total cash consideration of RM100. Consequently ABSB became a wholly-owned sub-sub subsidiary of the Company.

(b) On 22 March 2016, a subsidiary of the Company, Anakku Sdn. Bhd. ("AKSB") increased its authorised share capital from RM500,000 comprising 500,000 shares of RM1 each to RM 25,000,000 comprising 25,000,000 shares of RM1 each.

(c) On 22 March 2016, AKSB issued and allotted 10,500,000 new ordinary shares of RM1 at an issue price of RM1 per share to the Company by capitalising the amount owing to the Company.

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Revenue	334,006,342	332,743,883
Cost of Sales	174,903,162	(178,520,465)
Selling and distribution expenses	134,666,377	(129,786,615)

43. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as follows:-

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total retained profits of the Company and its subsidiaries:				
- realised	124,298,602	171,302,283	119,687,930	116,268,563
- unrealised	(26,000)	(207,100)	-	-
	124,272,602	171,095,183	119,687,930	116,268,563
Less: Consolidation adjustments	(60,045,489)	(61,249,746)	-	-
At 31 March	64,227,113	109,845,437	119,687,930	116,268,563

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 12.06[2(a)] of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Share Buy-Back Statement

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability, whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for renewal of authority from the shareholders of the Company to enable the Company to purchase and/or hold up to ten percent (10%) of its issued and paid-up share capital pursuant to Section 67A of the Companies Act, 1965 ("Proposed Renewal of Authority for Share Buy-Back")

The Proposed Renewal of Authority for Share Buy-Back, if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:-

(a) Depending on the effective cost of funding of the shares to be purchased, the earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

(b) If the purchased shares are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total issued and paid-up share capital of the Company. Alternatively, the purchased shares can be distributed as share dividends to reward the shareholders of the Company;

(c) The Company may be able to stabilise the supply and demand of its shares in the open market and thereby supporting its fundamental value; and

(d) The Proposed Renewal of Authority for Share Buy-Back will provide the Company the option to return its surplus financial resources to its shareholders.

3. Retained Profits and Share Premium

Based on the latest Audited Financial Statements of the Company for the financial year ended 31 March 2016, the audited retained profits and share premium account of the Company stood at RM119,687,930 and RM51,313,387 respectively.

4. Source of Funds

The amount allocated for the share buy-back will be financed by internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and the repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s).

In the event that the Company decides to utilise external borrowings to finance the share buy-back, there will be a decline in its net cashflow to the extent of the interest cost associated with such borrowings. However, the Board of Directors does not foresee any difficulty in servicing the interest and repayment of borrowings used for the share buy-back, if any.

5. Direct and Indirect Interests of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the share buy-back, none of the Directors and/or substantial shareholders nor persons connected with the Directors and/or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Renewal of Authority for Share Buy-Back and the proposed resale of treasury shares, if any.

As such, none of the Directors and/or substantial shareholders nor persons connected with them need to abstain from voting in respect of their direct and indirect shareholdings on the ordinary resolution approving the Proposed Renewal of Authority for Share Buy-Back.

5. Direct and Indirect Interests of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back (cont'd)

The effects of the proposed share buy-back on the shareholdings of the Directors and substantial shareholders as at 20 June 2016 are set out below based on the following assumptions:-

(a) the proposed share buy-back is implemented in full, i.e. up to 10% of the enlarged issued and paid-up share capital or 7,911,721 of the Company's shares are purchased; and

(b) the shares so purchased are from shareholders other than the substantial shareholders and Directors of the Company.

	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Directors	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Ng Chin Huat	-	-	45,139,477*	57.05	-	-	45,139,477*	63.39
Cheah Yong Hock	625,600	0.79	-	-	625,600	0.88	-	-
Kong Sau Kian	-	-	-	-	-	-	-	-
Lim Kim Meng	-	-	-	-	-	-	-	-

Notes:

* Deemed interested by virtue of his and his spouse's direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965.

	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Everest Hectare Sdn. Bhd.	45,139,477	57.05	-	-	45,139,477	63.39	-	-
Ng Chin Huat	-	-	45,139,477*	57.05	-	-	45,139,477*	63.39
Yap Su P'ing	-	-	45,139,477*	57.05	-	-	45,139,477*	63.39
Ng Tiong Seng Corporation Sdn. Bhd.	10,326,258	13.05	-	-	10,326,258	14.50	-	-

Notes:

* Deemed interested by virtue of his and his spouse's direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965.

6. Potential Advantages and Disadvantages of the Proposed Renewal of Authority for Share Buy-Back

The potential advantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are stated in Section 2 above.

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

(a) the amount of financial resources available for distribution to the shareholders of the Company will decline and this may result in the Group having to forego feasible investment opportunities that may emerge in the future;

(b) the working capital of the Company will be affected as the share buy-back will reduce the Company's cashflow, the quantum depending on the number of shares purchased and their corresponding purchase price(s); and

(c) as the Proposed Renewal of Authority for Share Buy-Back can only be made out of retained profits and share premium account of the Company, it may result in the reduction of financial resources available for distribution to the shareholders in the immediate future.

6. Potential Advantages and Disadvantages of the Proposed Renewal of Authority for Share Buy-Back (cont'd)

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of the Company and of the resultant impact on its shareholders. The Board of Directors in exercising any decision on the share buy-back will be mindful of the interest of the Company and its shareholders.

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

On the assumption that the share buy-back is carried out in full, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, net asset (NA) per share, working capital and earnings per share (EPS) of the Company are set out below:-

(a) On Share Capital

The effect of the share buy-back on the share capital of the Company will depend on the intention of the Board of Directors with regard to the purchased shares. As at 20 June 2016, the issued and paid-up share capital of the Company is RM79,117,214 comprising 79,117,214 shares.

However, the Proposed Renewal of Authority for Share Buy-Back will have no effect on the issued and paid-up share capital if all Purchased Shares are to be retained as treasury shares but the rights attaching to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended. While these ABB Shares remain as treasury shares, the Act prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

(b) On NA

The effect of the Proposed Renewal of Authority for Share Buy-Back on the NA per share of the Company is dependent on the number of shares purchased, purchase price of the shares, the funding cost, if any, and the subsequent treatment of the shares so purchased.

If all the shares purchased are cancelled, the proposed share buy-back is likely to reduce the NA per share of the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase and conversely, will increase the NA per share of the Group if the purchase price is less than the audited NA per share of the Group at the time of purchase.

For shares so purchased, which are kept as treasury shares, upon its resale, the NA of the Group may be affected depending on the actual selling price of the treasury shares and the actual number of treasury shares resold.

(c) On Working Capital

The Proposed Renewal of Authority for Share Buy-Back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of shares eventually purchased and the purchase price of the shares.

(d) On EPS

Depending on the number of shares purchased and purchase price of shares and the effective cost as well as the opportunity cost of funding the shares, the proposed share buy-back may increase the EPS of the Group. Similarly, on the assumption that the shares so purchased are treated as treasury shares, the extent of the effect of the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising.

Any cancellation of shares so purchased is expected to give rise to increased EPS to the Company and the Group due to the reduced number of shares in issue.

(e) On Dividends

Assuming the Proposed Renewal of Authority for Share Buy-Back is implemented in full and the Company's quantum of dividend is maintained at historical levels, the Proposed Renewal of Authority for Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued and paid-up share capital of the Company.

7. Financial Effects of the Proposed Renewal of Authority for Share Buy-Back (Cont'd)

(f) On Shareholdings

The effect of the Proposed Renewal of Authority for Share Buy-Back on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased, if any, and their actual shareholdings at the time of such purchase.

Please refer to Section 5 above for further details on the shareholding structure of Directors and substantial shareholders of the Company.

8. Implication Under the Malaysian Code on Take-Overs and Mergers 1998 (the "Code")

Under the Code, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased beyond thirty-three percent (33%) or if his/their existing shareholding is between thirty-three percent (33%) and fifty percent (50%) and exceeds by another two percent (2%) in any six (6) months period.

Assuming that the Proposed Renewal of Authority for Share Buy-Back is carried out in full and the shareholdings of the directors and parties acting in concert will be increased beyond thirty-three percent (33%) as a result of the share buy-back and pursuant to the Code, the directors and parties acting in concert are required to make a mandatory general offer.

Should such circumstances arises and if required, the directors and parties acting in concert are expected to submit an application to Securities Commission for a waiver from implementing a mandatory general offer under the Code.

The Company intends to implement the share buy-back in a manner that it will not result any of the shareholders having to undertake a mandatory offer pursuant to the Code.

9. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

The Company has not made any purchase or resale or cancellation of any of its own shares in the past twelve (12) months preceding the date of this Annual Report.

10. Public Shareholding Spread

As at 20 June 2016, the public shareholding spread of the Company was 28.29%

11. Directors' Statement

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back, the Board of Directors is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is fair, reasonable and in the best interest of the Company.

12. Directors' Recommendation

The Board of Directors recommends that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming Annual General Meeting.

13. Other Information

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

Authorised Share Capital	:	RM100,000,000/-
Issued and Paid-Up Share Capital	:	RM79,117,214/-
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
1 - 99	399	34.02	12,946	0.02
100 – 1,000	122	10.40	77,013	0.10
1,001 - 10,000	541	46.12	2,017,000	2.55
10,001 – 100,000	86	7.33	2,794,320	3.53
100,001 – 3,955,859*	23	1.96	19,798,200	25.02
3,955,860 and above**	2	0.17	54,417,735	68.78
TOTAL	**1,173**	**100.00**	**79,117,214**	**100.00**

* *Less than 5% of Issued Holdings*
** *5% and above of Issued Holdings*

DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

Name of Directors	Nationality/ Incorporated in	No. of shares beneficially held Direct	%	Indirect	%
Ng Chin Huat	Malaysian	-	-	*45,139,477	57.05
Kong Sau Kian	Malaysian	-	-	-	-
Lim Kim Meng	Malaysian	-	-	-	-
Cheah Yong Hock	Malaysian	625,600	0.79	-	-
Total Shareholdings		**625,600**	**0.79**	***45,139,477**	**57.05**

* Deemed interested by virtue of his direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

Name of Shareholders	Nationality/ Incorporated in	No. of shares beneficially held Direct	%	Indirect	%
Everest Hectare Sdn. Bhd.	Malaysia	45,139,477	57.05	-	-
Ng Chin Huat	Malaysian	-	-	*45,139,477	57.05
Yap Su P'ing	Malaysian	-	-	*45,139,477	57.05
Ng Tiong Seng Corporation Sdn. Bhd.	Malaysia	10,326,258	13.05	-	-

* Deemed interested by virtue of his/ his spouse's direct interest in Everest Hectare Sdn. Bhd. via Section 6A of the Companies Act, 1965.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF SHARES BENEFICIALLY HELD	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR EVEREST HECTARE SDN. BHD.	45,139,477	57.05
2.	NG TIONG SENG CORPORATION SDN. BHD.	9,278,258	11.73
3.	CHOO BAY SEE	3,539,000	4.47
4.	HABA ENTITY SDN. BHD.	2,857,400	3.61
5.	CHANG WAI PONG	2,559,000	3.23
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WONG LOKE YOONG	2,474,100	3.13
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM HAN WENG	2,385,800	3.02
8.	CHONG CHEA CHEA	1,145,000	1.45
9.	NG TIONG SENG CORPORATION SDN. BHD.	1,048,000	1.32
10.	CHEAH YONG HOCK	625,600	0.79
11.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ZURICH INSURANCE MALAYSIA BERHAD (GROWTH FUND)	455,500	0.58
12.	LIM PENG JIN	324,100	0.41
13.	LEE YEAN FUNG	300,000	0.38
14.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR KYO VOON JET (MY1488)	290,000	0.37
15.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ZURICH INSURANCE MALAYSIA BERHAD (VULTURE FUND)	250,000	0.32
16.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ZURICH INSURANCE MALAYSIA BERHAD (BALANCED FUND)	220,000	0.28
17.	QIU KAIHUI	200,000	0.25
18.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN	180,000	0.23
19.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	173,000	0.22
20.	KOK TAI MENG	150,000	0.19

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

NO.	NAME	NO. OF SHARES BENEFICIALLY HELD	%
21.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEW SIEW CHIN	145,500	0.18
22.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR TANG CHOON EE (M78030)	134,000	0.17
23.	SALLY CHEOK SWEE LING	127,200	0.16
24.	**KHOO HENN KUAN**	110,000	0.14
25.	**BONG ZHEN KANG**	105,000	0.13
26.	**MERCSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG AIK WEI**	100,000	0.13
27.	CHOI YU LOONG	90,860	0.11
28.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR CHUAH SENG BOON (M78029)	87,600	0.11
29.	LAM CHI SHING	80,000	0.10
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OOI KIN CHONG @ OUI KIN CHONG (8063257)	74,100	0.09

PROXY FORM

(Please refer to the notes below before completing this form)

ASIA BRANDS

ASIA BRANDS BERHAD (Company No. 22414-V)
(Incorporated in Malaysia)

Number of shares held	
CDS Account No.	

I/We.. I.C.No..
(FULL NAME IN BLOCK LETTERS)

of...
(FULL ADDRESS)

being a member of **Asia Brands Berhad** hereby appoints ....

.... NRIC No..
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS)

or failing him/her,... NRIC No...
(FULL NAME IN BLOCK LETTERS)

of...
(FULL ADDRESS)

or failing him/ her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-First Annual General Meeting of the Company to be held at the Conference Room of the Company at Lot 10449, Jalan Nenas, Batu 4 ½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Friday, 26 August 2016 at 9:00 a.m. or any adjournment thereof, in the manner as indicated below:-

	Resolutions	For	Against
Resolution 1	To approve the payment of Directors' Fees for the financial year ended 31 March 2016.		
Resolution 2	To re-elect Mr. Cheah Yong Hock as a Director of the Company.		
Resolution 3	To appoint Messrs. UHY as Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath and to authorised the Directors to fix their remuneration.		
Resolution 4	As Special Business Ordinary Resolution 1 - Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 5	Ordinary Resolution 2 - Proposed Renewal of Authority for Share Buy Back of up to Ten Percent (10%) of the Issued and Paid-up Share Capital of the Company		
Resolution 6	Special Resolution - Proposed Amendments to the Articles of Association of the Company		

(Please indicate with an "X" in the appropriate boxes above how you wish your vote to be cast. If you do not do so, your proxy **shall vote as he thinks fit, or at** his/their discretion.)

Dated this ………. day of …………………. 2016

……………………………………………………...
Signature of Shareholder

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 August 2016 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at this Meeting.*
2. *A member entitled to attend and vote at this Meeting is entitled to appoint any person as his proxy to attend and vote instead of him. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.*
3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. There shall be no restriction as to the qualifications of the proxy.*
4. *Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depository) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
7. *If a corporation is a member of the Company, it may vote by any person authorized by resolution of its directors or other governing body to act as its representative at any meeting in accordance with Article 75 of the Company's Articles of Association.*
8. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorized and shall be deposited with the power of attorney or other authority (if any) at the registered office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding this Meeting or adjourned meeting at which the person named in such proxy proposes to vote and in default the proxy shall not be treated as valid. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.*

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Affix
Stamp
Here

ASIA BRANDS BERHAD
(Company No. 22414-V)

Lot 10449, Jalan Nenas
Batu 4 ½, Kampung Jawa
41000 Klang, Selangor Darul Ehsan

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