TEKALA CORPORATION BERHAD

Company No: 357125-D

ANNUAL REPORT 2016

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company will be held at Grand Ballroom, Hotel Sandakan, 4th Avenue, 90000 Sandakan, Sabah on 30 August 2016 at 11.00 a.m to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2016 and the reports of the Directors and Auditors thereon. **Resolution 1**

2. To re-elect the following Directors retiring in accordance with Article 103 of the Company's Articles of Association:-.

   (a) Datuk Eric Usip Juin **Resolution 2**
   (b) Seah Sen Onn @ David Seah **Resolution 3**
   (c) Chan Ka Tsung **Resolution 4**

3. To consider and, if thought fit, to pass the following resolution:-

   "That Datuk Seri Panglima Quek Chiow Yong, who retires in accordance with Section 129 of the Companies Act, 1965, be hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

4. To approve payment of Directors' fees of RM90,000 for the year ended 31 March 2016. **Resolution 6**

5. To re-appoint Auditors and authorise the Directors to fix their remuneration. **Resolution 7**

6. As Special Business, to consider and if thought fit, to pass the following resolution:-

   (i) ORDINARY RESOLUTION **Resolution 8**
   Retention of Independent Director

   "THAT Mr Voon Sui Liong @ Paul Voon be and is hereby retained as an Independent Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012."

7. To transact any other business of an ordinary meeting of which due notice has been given.

BY ORDER OF THE BOARD

THIEN VUI HENG (MIA 5970)
CHUNG CHEN VUI (MIA 7384)
Company Secretaries

Sandakan, Sabah
29 July 2016

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes :

a) *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.*

b) *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.*

c) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*

d) *The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.*

e) *For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 99 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 August 2016. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.*

f) *Explanatory notes on Special Business:-*

(i) Ordinary Resolution (Resolution 8)

Retention of Independent Director

Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") recommends that shareholders' approval must be sought in the event that the Company intends to retain the independent directors who have served in that capacity for more than 9 years. The Proposed Ordinary Resolution No 8, if passed, will enable the Company to retain Voon Sui Liong @ Paul Voon as independent director in accordance with MCCG 2012.

The Nominating Committee has assessed the independence of Mr Voon Sui Liong @ Paul Voon and has recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justifications:

(a) *He continues to be scrupulously independent in his thinking and in his effectiveness as he constructively challenges the Management in the strategies and handling of operations.*

(b) *He actively participates in board discussion and provides an independent voice on the Board.*

Accordingly, the Board is of the view that Voon Sui Liong @ Paul Voon is able to provide independent and balanced views in a professional manner as well as serving a check and balance and therefore recommends that he continues to act as an independent director of the Company.

CORPORATE AND OTHER INFORMATION

BOARD OF DIRECTORS

Datuk Seri Panglima Quek Chiow Yong
Non-Independent Non-Executive Chairman

Lim Ted Hing
Group Managing Director/ Chief Executive Officer

Fong Kin Wui
Executive Director

Quek Siew Hau
Executive Director

Seah Sen Onn @ David Seah
Executive Director

Chan Ka Tsung
Executive Director

Voon Sui Liong @ Paul Voon
Independent Non-Executive Director

Datuk Eric Usip Juin
Independent Non-Executive Director

Tan Kung Ming
Independent Non-Executive Director

COMPANY SECRETARIES

Thien Vui Heng (MIA 5970)
Chung Chen Vui (MIA 7384)

REGISTERED OFFICE

Wisma Tekala
Lot 2, Lorong Indah Jaya 29
Taman Indah Jaya
Jalan Lintas Selatan
90000 Sandakan, Sabah
Tel : 089-212177
Fax: 089-271628

REGISTRARS

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +6(03) 27839299
Fax: +6(03) 27839222

Customer Service Centre:-

Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No 8 Jalan Kerinchi
59200 Kuala Lumpur

SOLICITORS

Shearn Delamore & Co
Mazlan & Associates
Chin Lau Wong & Foo

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad

AUDITORS

Ernst & Young

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

CORPORATE AND OTHER INFORMATION (cont'd)

GENERAL INFORMATION

The company is a public limited company, incorporated and domiciled in Malaysia.

All information provided in this Annual Report unless otherwise specified, had been made up to 30 June 2016, a date not earlier than six (6) weeks from the date of notice of the Annual General Meeting.

DIRECTORS' REMUNERATION

a) Details of the Directors' remuneration for the financial year ended 31 March 2016 are as follows:-

	Salaries/ Allowances	Bonus	EPF & Socso Contributions	Directors' Fees	Benefits in kind	Total
Executive Directors	2,233,500	276,750	303,865	50,000	172,212	3,036,327
Non-Executive Directors	733,500	90,900	23,933	40,000	51,387	939,720
Total	2,967,000	367,650	327,798	90,000	223,599	3,976,047

b) The directors whose remuneration falls in each successive band of RM50,000 are as follows:

(i) Executive Directors

Range of Remuneration RM	No of Directors
200,001 - 250,000	1
450,001 - 500,000	1
550,001 - 600,000	1
850,001 - 900,000	1
900,001 - 950,000	1
Total	5

(ii) Non-Executive Directors

Range of Remuneration RM	No of Directors
50,001 - 100,000	2
100,001 - 150,000	1
700,001 - 750,000	1
Total	4

NUMBER OF BOARD MEETINGS

During the financial year ended 31 March 2016, the Company held five (5) Board meetings.

CORPORATE PROPOSAL

There are no corporate proposals outstanding as at the date of the 2016 Annual Report other than those announced on 3 December 2015.

CORPORATE AND OTHER INFORMATION (cont'd)

SHARE BUY-BACKS

There were no share buy-backs, resale of treasury shares or shares cancelled during the financial year under review.

OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities exercised in respect of the financial year under review.

During the financial year under review, no options were offered to and/or granted pursuant to the new Employees' Share Option Scheme of the Company.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the external auditors and its affiliated company was RM391,200.00.

VARIATION IN RESULTS

There was no material variance between the results for the financial year and the unaudited results previously announced. The Company did not issue any profit estimate, forecast or projections for the financial year.

PROFIT GUARANTEE

There was no profit guarantee to be received by the Company for the financial year ended 31 March 2016.

MATERIAL CONTRACTS

There are no material contracts of the company and its subsidiaries involving directors and major shareholders' interests for the financial year under review other than the related party transactions as disclosed in note 25 to the financial statements.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Company, established in June 2002, is independent of the activities it audits and reports directly to the Audit Committee. Its responsibilities are, amongst others, to assist the Audit Committee in providing independent assessments of the adequacy, efficiency and effectiveness of the internal control systems to ensure compliance with the systems and standard operating procedures in the Group and to carry other tasks as specified by the Audit Committee.

The Company has outsourced its internal audit function to independent auditors, FS Chen & Associates and the costs incurred for the internal audit function in respect of the financial year under review amounted to RM30,000.00.

The activities of the internal audit function are as disclosed in the audit committee report.

CORPORATE SOCIAL RESPONSIBILITY

The Group acknowledges that Corporate Social Responsibility ("CSR") goes beyond sponsorship and philanthropic activities. It endeavours to entrench CSR in its business operations based on ethical values and respect for the environment, community, marketplace and employees' welfare.

Environmental Responsibility

The Group sources its logs from sustainable sources, in line with the Government's efforts to manage its forest resources so as to ensure sustainability. Investments in technologies that are environmentally friendly, such as its steam turbine power plant utilising wood waste and sawdust has allowed the Group to generate energy for its plywood mill.

Community Services

The Group supports benevolent and charitable causes on an ad hoc basis through monetary assistance and sponsorship to promote community activities.

Marketplace

The Group adopts business practices and effective management so as to enhance shareholders' value. The production of plywood that meets the Japan Agriculture Standard's strict certification criteria ensures plywood produced is of quality, low odour emission and environmentally safe for the end users in Japan.

Employees' Welfare

The Group maintains a working environment where employees who perform well are recognised, rewarded and promoted accordingly.

In addition to the above, the Group is committed to maintaining a high safety and health standard by cultivating safe working practices.

Workforce Diversity

The Group pursues a non-discriminatory policy with regard to gender ethnicity and age of new employees joining the Group.

CORPORATE GOVERNANCE

The Board of Directors ("Board") supports the Malaysian Code on Corporate Governance 2012 ("Code") and is committed to observing good corporate governance throughout the Group in enhancing shareholders' value and the financial performance of the Group.

The Board acknowledges its responsibility for compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and all other statutory requirements.

Below is a description of how the Group has observed the principles and recommendations of the Code for the year ended 31 March 2016 including recommendations to be observed to enhance the Corporate Governance by the Group on a voluntary basis.

1. Establish Clear Roles And Responsibilities

The Company has adopted the policy statement on Board Charter and it is updated as necessary. The Board plays a primary role in the conduct and control of the Group's business affairs. The Board currently consists of 9 members namely a Non-independent Non-executive Chairman, a Chief Executive Officer, 4 Executive Directors and 3 Independent Non-executive Directors. The Directors have diverse skills and a wide range of relevant business, commercial and financial experience.

The Board meets on a quarterly basis to deliberate and consider among others, the Group's quarterly reports and convene additional meetings as necessary. The Directors exercise independent judgement when deliberating matters concerning the Group including strategy, operations, performance, financial and resources.

Prior to each Board Meeting, the Board members are provided with the Agenda of the Board Meeting and the relevant documents and information. This is to enable them to obtain a comprehensive understanding of the issues to be deliberated upon and to enable them to arrive at an informed decision.

There is a schedule of matters reserved specifically for the Board's consideration and decision, including the approval of corporate plans, acquisition and disposal of major assets, major investments, changes to the management and control structure of the Group and issues in respect of key policies, procedures and authority limits.

The Chairman of the Board provides overall leadership to the Board in decision making without limiting the principle of collective responsibility for the Board decisions.

The Board is of the opinion that the current Board balance of nine (9) directors (comprising four (4) Non-executive Directors and five (5) Executive Directors) is appropriate for the Group. The Board and the Nominating Committee will continue to regularly review the size and composition of the Board in order for the Board to function effectively. The Board is satisfied that the present three (3) independent directors fulfils the Listing Requirements and is sufficient to fairly reflect the investment of the minority shareholders. The Board has identified Mr Voon Sui Liong @ Paul Voon as the senior independent non-executive director of the Company to whom the concerns of shareholders/investors may be conveyed.

In carrying out their duties, the Directors have complete access to all staff for information both financial and non-financial pertaining to the Group's affairs. The Directors also have full access to the advice and services of the Company Secretaries. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

The Directors are responsible for the Group's operations and the role of the independent non-executive Directors is important to the Group in ensuring that strategies proposed by the executive Directors are deliberated, and take into account the interests of the shareholders, employees, customers, suppliers, and other stakeholders before they are implemented.

CORPORATE GOVERNANCE (cont'd)

1. **Establish Clear Roles And Responsibilities (cont'd)**

Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

The Board delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency as well as efficacy. All Committees have their written terms of reference. All minutes of their proceedings and deliberations at the Committee meetings are tabled at the subsequent Board meetings and are duly noted and acted on where appropriate by the Board.

To date, the Board has set up five committees namely Audit Committee, Remuneration Committee, Nominating Committee, ESOS Option Committee and Executive Committee.

The ESOS Option Committee consists of four (4) members as follows:-

- Voon Sui Liong @ Paul Voon (Chairman)
- Lim Ted Hing
- Quek Siew Hau
- Seah Sen Onn @ David Seah

The Company's Employees Share Option Scheme ("ESOS") approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011 was implemented on 14 February 2012 for a period of 5 years, expiring on 13 February 2017.

The Executive Committee of Directors (Exco) consists of five (5) members as follows:

- Fong Kin Wui (Chairman)
- Lim Ted Hing
- Quek Siew Hau
- Seah Sen Onn @ David Seah
- Chan Ka Tsung

The Exco undertakes tasks assigned to it by the Board of Directors.

The Exco is vested with powers and authorities in respect of the management, control, and direction of the Group as approved by the Board save for the schedule of matters reserved specifically for the Board's consideration and decision.

2. **Strengthen Composition**

The Board has established a Nominating Committee comprising non-executive directors, majority of whom are independent. The Committee is responsible for proposing new nominees to the board and for assessing the effectiveness of the Board and the contributions of each director towards the effectiveness of the decision-making process of the Board.

The Nominating Committee members of the Company are as follows:-

- Datuk Seri Panglima Quek Chiow Yong (Chairman)
- Voon Sui Liong @ Paul Voon
- Datuk Eric Usip Juin
- Tan Kung Ming

The Board has set up a Remuneration Committee consisting of non-executive directors. The Committee is responsible for drawing up the policy framework on all elements of remuneration such as reward structure, fringe benefits and other terms of employment of Directors.

CORPORATE GOVERNANCE (cont'd)

2. **Strengthen Composition (cont'd)**

The Remuneration Committee members of the Company are as follows:-

- Datuk Seri Panglima Quek Chiow Yong (Chairman)
- Voon Sui Liong @ Paul Voon
- Datuk Eric Usip Juin
- Tan Kung Ming

Directors' remuneration packages are approved by the Board as a whole. The Directors whose remuneration packages are being deliberated have the right to be heard during the deliberation but are not allowed to participate in decisions on their own remuneration packages. The Group reimburses expenses incurred by the Directors in the course of their duties as directors.

The level of remuneration for a Director is determined with a view to ensure experienced and capable Directors are attracted and retained to run the Group. There are no attendance fee for both executive and non-executive directors as attendance are expected of the directors in the discharge of their duties as Directors. For Executive Directors, they are appropriately rewarded. For non-executive Directors, the level of remuneration will commensurate with the responsibilities undertaken by them.

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the band disclosure made.

3. **Reinforce Independence**

Generally based on observations throughout the year, the Board is satisfied with the level of objectivity and independence shown by the three Independent Directors in board deliberations and their ability to act in the best interests of the Company.

The Board views that Mr Voon Sui Liong @ Paul Voon who has served more than nine years as an Independent Director can continue to contribute to the Board as an independent director and hence will be seeking shareholders' approval at the forthcoming annual general meeting to retain him in this position.

The Chairman of the Company is Datuk Seri Panglima Quek Chiow Yong, a non-independent non-executive director while the Chief Executive Officer of the Company is Mr Lim Ted Hing.

Though not an independent director in compliance with recommendation 3.5 of the Code, but being a founder of the Company, the Board believes the Chairman will provide the necessary leadership to the Group.

4. **Foster Commitment**

The Board is generally satisfied with the level of time commitment accorded by the Directors in fulfilling their respective roles and responsibilities as Directors of the Company.

The Directors are required to update and review their other directorships and shareholdings in the Company every half-yearly. This information is used to monitor their directorships to ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively.

In determining the training needs of the Directors, the Board has adopted a policy to encourage the directors to attend at least one day training for each financial year which will aid them in the discharge of their duties. Each hour of training session attended shall be awarded 2 CEP points. Should any Director not be able to meet the minimum CEP points in a financial year, the Board may grant such extension of time as required for the said Director to meet it.

CORPORATE GOVERNANCE (cont'd)

5. **Uphold Integrity In Financing Reporting**

In presenting the annual financial statements and quarterly announcements, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in reviewing information to ensure its accuracy and adequacy and ensure that financial statements comply with all applicable financial reporting standards.

The Group's external auditors, whose suitability and independence are assessed annually by the Audit Committee, report independently to the shareholders of the company in accordance with the statutory requirements. The Group and the Directors provide full assistance to the external auditors so as to enable them to discharge their duties.

The external auditors meet with the internal auditors as and when deemed necessary, without the presence of the management.

6. **Recognise And Manage Risks**

The Directors acknowledge their responsibilities and have established the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The system has been designed to meet the Group's needs and to manage the risks to which it is exposed.

In order to achieve the economic expectations of our shareholders, the Group would pursue business opportunities/ activities involving certain degree of risk. Due consideration would be given to the balance of risks and rewards, as far as practicable, to optimize the returns from the Group's business activities.

The Directors have since June 2002 set up an internal audit function which reports directly to the Audit Committee.

7. **Ensure Timely And High Quality Disclosure**

The Group recognises the importance for timely and high quality dissemination of information to its shareholders, stakeholders and investors on the Group's performance and other developments via appropriate channels of communication including information posted on its website, www.tekala.com.my. The interim results announcements, other relevant announcements, the annual reports and the circulars to shareholders are the primary modes of communication to report the Group's business, results and other major developments to its shareholders, stakeholders and investors.

However, price-sensitive and any information that may be regarded as undisclosed material information about the Group is not disclosed until after the prescribed announcement to Bursa Malaysia Securities Berhad has been made.

8. **Strengthen Relationship Between Company and Shareholders**

The Annual General Meeting serves as a principal forum for dialogue with shareholders.

At the Annual General Meeting, shareholders are accorded the opportunity to raise questions on the agenda items of the general meeting. Directors and Senior Management Officers would provide answers and appropriate clarifications to issues raised.

Adequate notice of the meeting will be served and accompanied by an explanatory statement for the proposed resolution to facilitate understanding and evaluation of issues involved for each item of special business.

The Group values dialogue with its shareholders and investors as a means of effective communication that enables the Board and management to convey information about Group's performance, corporate strategy and other matters affecting shareholders' interests.

DIRECTORS' PROFILE

Datuk Seri Panglima Quek Chiow Yong

A Malaysian aged 85, is the Non-Independent Non-Executive Chairman of the Company and was appointed to the Board on 22 June 1996. He is one of the founder members of the Group. He is the Chairman of Syarikat Kretam (Far East) Holdings Sdn Bhd group of companies and also the Chairman of the Board of several private companies. He was the Chairman of the Timber Association of Sabah from 1985 to 1988. With his experience in the timber industry, he contributes to the direction and pace of the Group. He is the Chairman of the Remuneration Committee and Nominating Committee of the Board. He has no directorships in other public companies. He has attended four Board Meetings held during the financial year ended 31 March 2016. He is the father of Quek Siew Hau. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Lim Ted Hing

Aged 61, a Malaysian and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He is the Group Managing Director/Chief Executive Officer of the Company and was appointed to the Board on 22 June 1996. He joined Ernst & Young, a public accounting firm in 1985 and was the Senior Manager in charge of its Sandakan Office before leaving to join the Group as Group Financial Controller in July 1994. He was later appointed as Executive Director/Chief Operating Officer in June 1996 and was promoted to the present position in January 2013. He is a member of the ESOS Option Committee and Executive Committee of the Board. He is currently a Director of NPC Resources Berhad and several other private companies. As at 30 June 2016, his direct shareholding in the Company was 1,711,100 ordinary shares of RM1 each. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Fong Kin Wui

Aged 56, a Malaysian with a Bachelor of Science (Hons) in Civil Engineering from Plymonth Polytechnic, United Kingdom which he obtained in 1983. He is an Executive Director of the Company and was appointed to the Board on 22 June 1996. He has extensive experience and knowledge in the construction industry and plantation business. He is the Chairman of the Executive Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

DIRECTORS' PROFILE (cont'd)

Quek Siew Hau

Aged 60, a Malaysian with Higher National Diploma in Electrical and Electronic Engineering from Portsmouth Polytechnic, United Kingdom which he obtained in 1978 and also holds a Post Graduate Diploma in Management Studies from Brighton Polytechnic, United Kingdom, obtained in 1979. He was appointed to the Board on 1 August 2013. He has been an Executive Director of the Company's subsidiaries since 1990. He has extensive experience and knowledge in the housing development and timber-related industries. His other businesses include plantation, food & beverage, retailing, beauty & health care, import and export business. He is also actively involved in a number of schools and voluntary organizations either as Chairman or committee member. He is a member of the ESOS Option Committee and Executive Committee of the Board. He also sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He is the son of Datuk Seri Panglima Quek Chiow Yong. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Seah Sen Onn @ David Seah

Aged 47, a Malaysian with degree in Business (Accounting) from Curtin University of Technology, Perth, Australia which he obtained in 1990 and also holds a Graduate Diploma in Business (Information System) from Edith Cowan University, Perth, Australia, obtained in 1992. He is a Certified Practising Accountant with CPA Australia and member of the Malaysian Institute of Accountants. He was appointed to the Board on 2 January 2014. He has been an Executive Director of the Company's subsidiaries (Group) since 1994. He had one and a half year experience with Ernst & Young, a public accounting firm prior to his appointment as a director of the Group. He possesses extensive experience and knowledge in timber-related business, plantation and housing development. He is a member of the ESOS Option Committee and Executive Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Chan Ka Tsung

Aged 33, a Malaysian with Bachelor of Science (Hons) in Psychology from the University of Nottingham, United Kingdom which he obtained in 2004. He was appointed to the Board on 1 August 2013. He has been an Executive Director of Certain of the Company's subsidiaries since 1 September 2012. He possesses experience in plantation, hotel and housing business. He is a member of the Executive Committee of the Board. He currently sits on the Board of several other private companies. He has no directorships in other public companies. He is the son of Chan Saik Chuen, a substantial shareholder of the Company. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

DIRECTORS' PROFILE (cont'd)

Voon Sui Liong @ Paul Voon

Aged 65, Malaysian businessman domiciled in Sabah. A graduate from the University of Ottawa, Canada in Bachelor of Commerce (Hons). He is an Independent Non-Executive Director of the Company and was appointed to the Board on 15 December 1998. He was the majority shareholder and the Managing Director of Nountun Press (S) Sdn Bhd, and the publisher of the "Borneo Mail", a daily newspaper for 10 years (1988-1998). He was also the Managing Director of Borneo Golf Resort Berhad from 1993 to 1996. He was appointed as a Board Member of Sabah Tourism Board from 1998 to 2009. He is the Chairman of the Audit Committee and ESOS Option Committee and a member of the Remuneration Committee and Nominating Committee of the Board. He has no directorships in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

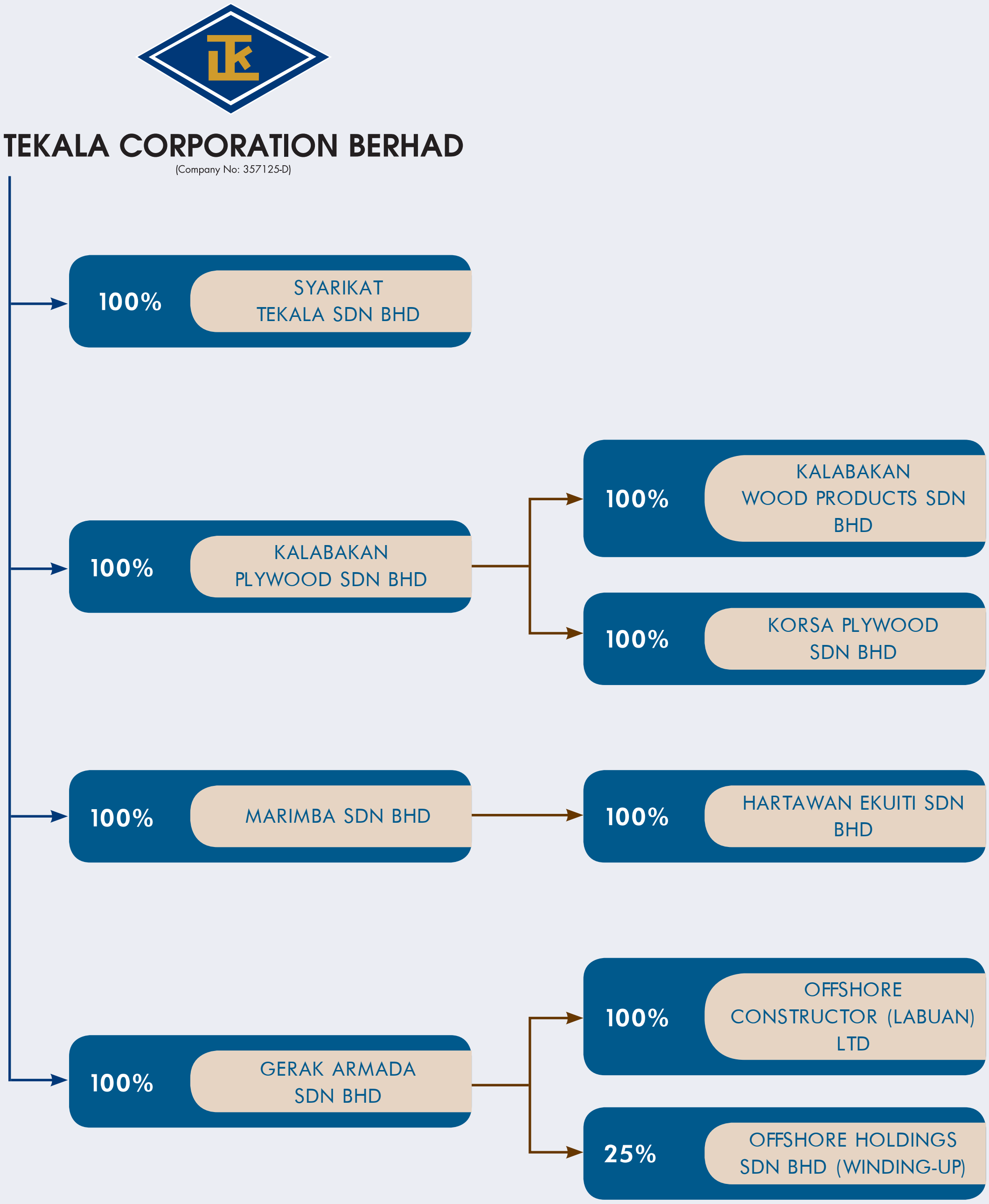
Datuk Eric Usip Juin

Aged 63, a Malaysian with a Master of Science (Forestry) from Stephen F. Austin State University, Nacogdoches, East Texas, USA (1991) and a Bachelor of Science (Forestry) from Universiti Putra Malaysia (1979). He is an Independent Non-Executive Director and was appointed to the Board on 1 November 2008. He was the Director of Environment Protection Department in the Ministry of Tourism, Culture and Environment, Sabah from 1 August 1998 prior to his retirement on 9 August 2008. Prior to that, he was with the Forestry Department for about 28 years from March 1970 to July 1998 in various capacities, responsibilities and positions, the last as Senior Assistant Director of Forestry before his transfer to the Environment Protection Department. He is a life member of the Sabah Wetlands Conservation Society and the Sabah Society. He is a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Board. He has no directorship in other public companies. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

Tan Kung Ming

Aged 45, a Malaysian and a Chartered Accountant, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountant. He is an Independent Non-Executive Director of the Company and was appointed to the Board on 1 November 2008. He has 5 years audit experience with KPMG, a public accounting firm from 1991 to 1996 prior to joining Zung Zang Holdings Sdn Bhd's Group of Companies as Finance Manager. He was the Accountant with Priceworth Wood Products Berhad from 2001 to 2003 before commencing his own public accounting practice in 2003 under the name of TKM & Co. He is a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Board. He is currently a director of Kretam Holdings Berhad. He has attended all five Board Meetings held during the financial year ended 31 March 2016. He has no family relationship with any director and/or major shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no convictions for offences within the past 10 years.

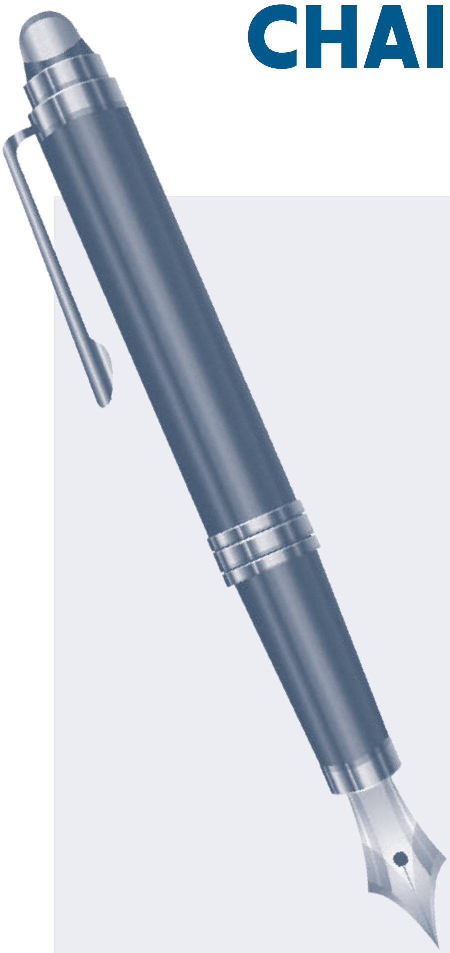
CORPORATE STRUCTURE



FIVE-YEAR FINANCIAL HIGHLIGHTS

		2012	2013	2014	2015	2016
Revenue	(RM'000)	105,949	96,099	83,195	53,255	33,546
Profit/(loss) after tax	(RM'000)	(58,637)	(13,442)	3,691	(12,888)	(16,186)
Net assets per share attributable to owners of the Company	(RM)	0.72	0.63	0.65	0.56	0.45
Earnings/(loss) per share attributable to owners of the Company	(sen)	(25.93)	(9.60)	2.64	(9.21)	(11.56)
Dividend per share	(sen)	-	-	-	-	-
Current ratio		1.38	0.97	8.79	29.66	9.70
Debt equity ratio		0.47	0.47	0.04	-	-

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors of Tekala Corporation Berhad ("Tekala"), I would like to present the Annual Report and the audited financial statements of Tekala Corporation Berhad Group of companies for the financial year ended 31 March 2016.

CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL RESULTS

The Group recorded a lower revenue amounting to RM33.55 million for the current financial year ended 31 March 2016 as compared to the previous financial year totalling RM53.25 million from its timber processing business segment.

For the current year under review, the Group registered a higher loss of RM16.19 million as compared to the previous year loss of RM12.89 million mainly due to lower plywood sales, high production costs and expenses related to its corporate exercise.

CORPORATE DEVELOPMENTS

On 3 December 2015, the Company announced a corporate exercise in which WMG Holdings Sdn Bhd ("WMG"), a newly incorporated special purpose vehicle shall assume the listing status of Tekala. The Company and Syarikat Kretam (Far East) Holdings Sdn Bhd ("SKHSB") entered into agreement to facilitate the proposed reverse take-over of Tekala by WMG, which involves the following:

(i) Proposed Acquisition by WMG of the equity interest in Ritai Sdn Bhd, Cosmopolitan Company Sdn Bhd, Syarikat Far East Development Sdn Bhd, Velda Development Sdn Bhd and Wah Mie Realty Sdn Bhd from SKHSB for a total purchase consideration of RM513 million to be satisfied by the issuance of ordinary shares, redeemable convertible preference shares and irredeemable convertible preference shares in WMG;
(ii) Proposed exchange of the entire issued and paid-up share capital of Tekala for new shares in WMG pursuant to Section 176 of the Companies Act, 1965; and
(iii) Proposed transfer of listing status of Tekala to WMG.

PROSPECTS

To enhance shareholders' value, the Group has proposed the above corporate exercise involving the acquisitions from SKHSB, profitable businesses principally engaged in property development and wholesaling and retailing of hardware, building materials and related goods.

To minimise the losses of the Group and to optimise cashflows, the Group has carried out a retrenchment exercise to reduce its workforce in line with the winding down of its timber processing business going forward pending the successful completion of the abovementioned corporate exercise. The timber processing business has in the recent years dragged the Group's results down due to the high cost of production. To avoid substantial losses being incurred and deplete the capital of the Group further, the Group has decided to cease its timber processing business.

Subject to the requisite approvals, the above corporate exercise is expected to proceed and be completed in the second half of the financial year ending 31 March 2017. The shareholders of the Company would exchange their shares in Tekala with WMG shares on the basis of 133 WMG shares of RM0.10 each for 100 Tekala's shares of RM1.00 each and the Company would be delisted after the listing status is transferred to the acquirer, WMG.

DIVIDENDS

In view of the losses incurred by the Group, the Board of Directors has not recommended any dividend to be paid in respect of the financial year ended 31 March 2016 at the forthcoming Annual General Meeting of the Company.

CHAIRMAN'S STATEMENT (cont'd)

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude and thanks to our customers, suppliers, business associates, relevant government authorities, shareholders and our bankers for their continued support and understanding during these difficult times.

I also like to convey my appreciation to the Management and staff of the Group for their efforts and contributions.

DATUK SERI PANGLIMA QUEK CHIOW YONG
CHAIRMAN

Sandakan
12 July 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended and lay them before the General Meeting together with a copy of the auditors' report thereon. The financial statements should be made up to a date not more than six months before the date of the meeting.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and apply them consistently unless a change is required by statute or by an approved accounting standard or if the change will result in a more appropriate presentation of events or transactions in the financial statements;

- exercised judgement and made estimates that are prudent and reasonable;

- ensured applicable approved accounting standards have been followed and material departures, if any, have been disclosed and explained in the financial statements; and

- prepared the financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Company will continue in business in the foreseeable future.

The Directors are also responsible for ensuring that proper accounting and other records are kept as will sufficiently explain the transactions and financial position of the Group and of the Company and enable true and fair financial statements be prepared which comply with approved accounting standards and the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they are responsible for the Group's system of internal control and risk management and ensuring its adequacy and integrity. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and therefore can only provide reasonable and not absolute assurance against material misstatements or losses.

A sound system of internal control provides reasonable, but not absolute assurance that a Group will not be hindered in achieving its business objectives or the orderly conduct of its business. A system of internal control cannot, however, provide protection with certainty against a Group failing to meet its business objectives or all material errors, losses, fraud, or breaches of laws or regulations as a sound system of internal control reduces, but cannot eliminate the possibility of poor judgement in decision-making; human errors; control processes being circumvented by employees and others; management overriding controls; and the occurrence of unforeseeable circumstances.

The Group operates within a control environment and risk management framework developed and refined over the years. The Management is responsible for the identification and evaluation of significant risks and to formulate the design and operation of appropriate controls and procedures for its businesses. Risk assessment for the Group is carried out on a regular basis. Comprehensive reports on the Group's financial information and performance are also presented to the Directors on a regular basis.

The Audit Committee, comprising three independent non-executive Directors, operates under written terms of reference. Its functions include discussing and reviewing with the external auditors their audit findings, their evaluation of the Group's system of internal control and risk management, the adequacy of the scope and functions of the internal audit functions and the detailed review of the quarterly reports prior to its recommendation to the Directors for consideration and approval.

For the financial year under review, the Audit Committee reviewed, amongst others, the external and internal audit work carried out to assess the effectiveness, adequacy and integrity of the Group's system of internal control and risk management to ensure compliance with the systems and standard operating procedures of the Group, the process of identifying and evaluating significant risks affecting the Group's business and the policies and procedures by which risks are managed. The results of their review were satisfactory.

The Directors reviewed the Group's business risks, its control environment and risk management. The Directors received assurance from the Group Managing Director / Chief Executive Officer and Group Accountant that the Group's Risk Management and Internal Control System are operating adequately and effectively in all material aspects. The Directors observed that controls and procedures in operation were appropriate and adequate. Accordingly, the Directors were of the opinion that the system of internal control and risk management of the Group were reasonable for the financial year under review.

STATEMENT ON DIRECTORS' TRAINING

The Board regularly assesses the training needs of the Directors to aid them in the discharge of their duties as Directors. The training is designed to cover, among others, updates/amendments on the Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities including relevant business opportunities.

The training programmes attended by the Directors for the financial year ended 31 March 2016 are as follows:-

LIM TED HING

• Retirement Living & Senior Care Southeast Asia 2015	11-12 June 2015
• HSBC Forum: RMB and China's Global Future	17 August 2015
• 2015 Priceless Gems of Creativity V.3	4-5 November 2015
• 2016 Budget and Tax Seminar	11 November 2015
• MSWG-Institutional Investor Council Governance Week 2016 "Stewardship Matters – For Long Term Sustainability"	30-31 March 2016

FONG KIN WUI

• Navigating the Challenges: Insights to Business Growth in 2015	19 May 2015
• Retirement Living & Senior Care Southeast Asia 2015	11-12 June 2015
• SEA/IEM/ACEM/TAS Evening Talk on "The Seismic Hazards and Risks in Sabah, with Reference to the Recent Kinabalu Earthquake"	8 July 2015
• Shareda Morning Talk: GREENRE	21 August 2015
• FX & Economic Outlooks Briefing	2 March 2016

QUEK SIEW HAU

• Retirement Living & Senior Care Southeast Asia 2015	11-12 June 2015
• HSBC Forum: RMB and China's Global Future	17 August 2015
• 2015 Priceless Gems of Creativity V.3	4-5 November 2015

SEAH SEN ONN @ DAVID SEAH

• GST Post-Implementation Issues	8 June 2015
• Special Members Briefing	15 August 2015

CHAN KA TSUNG

• Global Tourism Cities Conference 2016	10-11 May 2016

DATUK ERIC USIP JUIN

• International Conference on Heart of Borneo: "Briefing Heart of Borneo Landscapes and Beyond Healthy Watershed Corridors" & Sabah's RAMSAR Conference	11 - 12 November 2015

TAN KUNG MING

• Nominating Committee Programme 2: Effective Board Evaluations	6 April 2015
• National Tax Conference 2015	25-26 August 2015
• National Tax Seminar 2015	5 November 2015
• GST System Changes – Review, Reconciliation and Compliance	18-19 November 2015
• Mastering MPERS: 2015 Updates, Principles and Implementation of MPERS and Impact of Updates	14-15 March 2016
• Audit Committee Conference 2016	29 March 2016

For the financial year under review, Mr Lim Ted Hing, Mr Fong Kin Wui, Mr Quek Siew Hau, Mr Seah Sen Onn @ David Seah, Mr Chan Ka Tsung , Datuk Eric Usip Juin and Mr Tan Kung Ming have fulfilled the required 16 CEP points sets by the Company while the other 2 directors, namely Datuk Seri Panglima Quek Chiow Yong and Mr Voon Sui Liong @ Paul Voon have been granted extension of time to fulfil their shortfall in CEP points in the coming financial year.

STATEMENT ON NOMINATING COMMITTEE ACTIVITIES

For the financial year under review, the Committee assessed the training programmes attended by the Directors and the size, composition and effectiveness of the Board of the Company and its subsidiaries and the Board committees as well as expertise and experience of the Board members of the Company and its subsidiaries including Directors' duties and responsibilities.

The Group pursued a non-discriminatory policy with regard to gender, ethnicity and age of new employees and appointments were generally meritocratic in nature.

AUDIT COMMITTEE REPORT

The Directors are pleased to present the Audit Committee Report of the Company in respect of the financial year ended 31 March 2016 ("year under review").

(A) COMPOSITION

The members of the Audit Committee are as follows:

		No of meetings attended during the year under review
CHAIRMAN		
Voon Sui Liong @ Paul Voon	Independent Non-Executive Director	5 of 5
COMMITTEE MEMBERS		
Datuk Eric Usip Juin	Independent Non-Executive Director	5 of 5
Tan Kung Ming (MIA 21364)	Independent Non-Executive Director	5 of 5

(B) MEETINGS

The audit committee held five meetings in respect of the financial year under review.

(C) SUMMARY OF WORK OF THE AUDIT COMMITTEE

The activities of the Audit Committee in the discharge of its functions and duties in respect of the financial year under review included the review of the work carried out by the internal auditors, review of the quarterly reports prior to submission to the Board for consideration and approval, review with the external auditors their accounting and audit issues arising from their audit, review of the draft audited accounts and related party transactions before consideration and approval by the Board. The Audit Committee also discussed and recommended the re-appointment of Auditors and their fees.

During the financial year under review, the Audit Committee verified that no options were granted.

In addition, based on its annual assessment of the work performed by Ernst & Young during the financial year under review, the Audit Committee was satisfied as to the suitability and independence of Ernst & Young to be re-appointed by the shareholders as the external auditors of the Company for the following financial year.

(D) SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The main activities undertaken by the internal auditors during the year under review are audits for the following functional areas of the Group's core plymill operations namely:-

- Finance and treasury management; and
- Procurement and payment.

SHAREHOLDING STATISTICS
AS AT 30 JUNE 2016

Authorised Share Capital	:	500,000,000
Paid-Up & Issued Share Capital	:	152,983,300
Treasury Shares	:	13,008,000
Adjusted capital (after netting Treasury Shares)	:	139,975,300
Type of Share	:	Ordinary share of RM1.00 each
No of Shareholders	:	8,370
Voting Rights	:	1 vote per shareholder on a show of hands 1 vote per ordinary share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No of Holders	Total Holdings#	Percentage#
1 to 99	11	227	0.00
100 to 1,000	3,656	3,620,464	2.59
1,001 to 10,000	3,793	15,401,144	11.00
10,001 to 100,000	788	23,226,773	16.59
100,001 to 6,998,764*	120	79,726,271	56.96
6,998,765 and above**	2	18,000,421	12.86
TOTAL	**8,370**	**139,975,300**	**100.00**

Notes:-
- * *Less than 5% of Issued Holdings*
- ** *5% and above of Issued Holdings*
- # *Excluding a total of 13,008,000 shares bought-back by the Company and retained as treasury shares as per Record of Depositors as at 30 June 2016*

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS
[based on notifications in writing received by the Company on or before 30 June 2016]

		← Ordinary Shares of RM1 each →			
No	Name of Substantial Shareholder	Direct Interest	%	Indirect interest	%
1	Chan Saik Chuen	-	-	9,506,997[1]	6.79
2	Chan Saik Chuen Sdn Bhd	9,506,997	6.79	-	-
3	Quek Siew Hau	309,489	0.22	8,493,424[2]	6.07
4	Quek Chiow Yong Holdings Sdn Bhd	8,493,424	6.07	-	-

Notes:-
1. *Deemed interested through Chan Saik Chuen Sdn Bhd.*
2. *Deemed interested through Quek Chiow Yong Holdings Sdn Bhd.*

SHAREHOLDING STATISTICS
AS AT 30 JUNE 2016 (cont'd)

DIRECTORS' INTERESTS

According to Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares of the Company or in a related corporation are as follows:-

	Ordinary Shares of RM1 each in the Company			
Name of Directors	**Direct interest**	**%**	**Indirect interest**	**%**
Datuk Seri Panglima Quek Chiow Yong	-	-	110,000[1]	0.08
Lim Ted Hing	1,711,100[2]	1.22	-	-
Fong Kin Wui	1,695,794[3]	1.21	969,574[4]	0.69
Quek Siew Hau	309,489	0.22	8,493,424[5]	6.07
Seah Sen Onn @ David Seah	2,788,800	1.99	-	-

The Directors by virtue of their interest in shares in the Company are also deemed to have interest in shares in all of its related corporations to the extent the Company has an interest.

Notes:-
1. *Deemed interested for shares held by child.*
2. *Held directly and also via CIMSEC Nominees (Tempatan) Sdn Bhd-CIMB Bank.*
3. *Held directly and also via Maybank Nominees (Tempatan) Sdn Bhd-Amanahraya Investment Management Sdn Bhd.*
4. *Deemed interested through Fong Tham Hing Enterprise Sdn Bhd.*
5. *Deemed interested through Quek Chiow Yong Holdings Sdn Bhd.*

THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No.	Name	No. Of Shares Held#	%#
1.	CHAN SAIK CHUEN SDN BHD	9,506,997	6.79
2.	QUEK CHIOW YONG HOLDINGS SDN BHD	8,493,424	6.07
3.	LIE TJIE MOH @ LEE CHEE HIONG	6,888,663	4.92
4.	SEAH TEE LEAN	6,474,621	4.63
5.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *Exempt An for EFG Bank Ag (A/C Client)*	4,869,929	3.48
6.	TAN TONG CHEW	4,133,629	2.95
7.	KWAN PUN CHO	3,453,384	2.47
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Pang Kim Fan (8051066)*	3,000,000	2.14
9.	SEAH SEN ONN @ DAVID SEAH	2,788,800	1.99
10.	KWAN CHEE HANG SDN BHD	2,481,729	1.77
11.	T Y FONG SDN BHD	2,478,373	1.77
12.	YEOH PHEK LENG	2,332,100	1.67
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Pang Kim Fan (120012)*	2,067,900	1.48

SHAREHOLDING STATISTICS
AS AT 30 JUNE 2016 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (cont'd)

No.	Name	No. Of Shares Held#	%#
14.	SEAH TEE SUI SDN BHD	1,923,057	1.37
15.	ALLIANCEGROUP NOMINESS (TEMPATAN) SDN BHD *Pledged securities account for Kwan Hung Cheong (8093908)*	1,916,000	1.37
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *C C Ho Sdn Bhd (T- 071001)*	1,809,284	1.29
17.	Q C M SDN BHD	1,736,275	1.24
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Amanahraya Investment Management Sdn Bhd* *For Fong Kin Wui (C346-240450)*	1,395,794	1.00
19.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	1,197,000	0.86
20.	CHIANG YOK LENG	1,135,700	0.81
21.	PANG KIM FAN	1,132,100	0.81
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB Bank for Lim Ted Hing (MY0410)*	1,100,000	0.79
23.	FONG THAM YU	998,000	0.71
24.	FONG THAM HING ENTERPRISE SDN BHD	969,574	0.69
25.	RHB CAPITAL NOMINEES (ASING) SDN BHD *Rosalind Wong Mei Wai (T-071582)*	899,800	0.64
26.	CITIGROUP NOMINEES (ASING) SDN BHD *Exempt An For Citibank N.A Singapore (UBP SG1)*	789,000	0.56
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account For Lim Nyuk Sang @ Freddy Lim*	705,329	0.50
28.	JOHAN ENTERPRISE SDN BHD	668,000	0.48
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *Exempt An For Bank of Singapore Limited*	650,000	0.46
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB Bank For Ng Chai Hock (MY0972)*	623,400	0.45

Notes:-

\# *Excluding a total of 13,008,000 shares bought-back by the Company and retained as treasury shares as per Record of Depositors as at 30 June 2016*

LIST OF PROPERTIES

Registered Owner and address	Land Area (per title deed)	Description	Tenure	Age of Building (years)	Net Book Value As At 31 March 2016 (RM'000)	Date of Acquisition
Kalabakan Plywood Sdn Bhd CL 105464766 Sungai Imam, Pasir Putih District of Tawau	32.73 acres	Plywood factory, warehouse, office and auxiliary buildings	999 years leasehold (expiry 02.09.2923)	26	3,992	21.06.1996
Kalabakan Wood Products Sdn Bhd CL 105463956 Sungai Imam, Pasir Putih District of Tawau	29.57 acres	Factory building	99 years leasehold (expiry 31.12.2088)	19	6,043	21.06.1996
Korsa Plywood Sdn Bhd CL 105421814 Sungai Imam, Pasir Putih District of Tawau	46.38 acres	Industrial land and building	99 years leasehold (expiry 31.12.2076)	21	8,533	21.06.1996

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are timber processing and investment holding.

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

RESULTS

	Group RM	Company RM
Loss net of tax	(16,185,553)	(3,852,021)

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

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

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Seri Panglima Quek Chiow Yong
Lim Ted Hing
Fong Kin Wui
Quek Siew Hau
Chan Ka Tsung
Seah Sen Onn @ David Seah
Voon Sui Liong @ Paul Voon
Datuk Eric Usip Juin
Tan Kung Ming

Datuk Seri Panglima Quek Chiow Yong retires in accordance with Section 129 of the Companies Act, 1965 and the board recommends him for re-appointment to hold office until the conclusion of the next Annual General Meeting of the Company.

In accordance with Article 103 of the Company's Articles of Association, Datuk Eric Usip Juin, Seah Sen Onn and Chan Ka Tsung retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
Name of director	**1.4.2015**	**Acquired**	**Sold**	**31.3.2016**
Datuk Seri Panglima Quek Chiow Yong				
Indirect shareholding#	8,493,424	-	(8,493,424)**	-
Deemed interest*	419,489	-	(309,489)**	110,000
Lim Ted Hing				
Direct shareholding	1,711,100	-	-	1,711,100
Fong Kin Wui				
Direct shareholding	1,695,794	-	-	1,695,794
Indirect shareholding#	969,574	-	-	969,574
Quek Siew Hau				
Direct shareholding	309,489	-	-	309,489
Indirect shareholding#	8,493,424	-	-	8,493,424
Chan Ka Tsung				
Deemed interest#	9,506,997	-	(9,506,997)**	-
Seah Sen Onn @ David Seah				
Direct shareholding	2,788,800	-	-	2,788,800

\# *Held through another body corporate*
* *Held by spouse and/or children*
** *Not deemed interested*

TREASURY SHARES

There was no share buy-back during the financial year under review.

As at 31 March 2016, the Company held as treasury shares a total of 13,008,000 of its 152,983,300 issued ordinary shares. Such treasury shares are held at a carrying amount of RM9,386,487 and further relevant details are disclosed in Note 22 to the financial statements.

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The Company's ESOS for eligible directors and employees of the Company and its subsidiary companies was approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011. The ESOS became effective on 14 February 2012 when the last of the requisite approvals was obtained and is valid for a period of five (5) years expiring on 13 February 2017.

The Company has yet to grant options under the ESOS to eligible directors and employees of the Company and its subsidiary companies at the reporting date.

OTHER STATUTORY INFORMATION

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

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

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

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (CONTINUED)

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENT

Details of the significant event are disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 July 2016.

Lim Ted Hing Quek Siew Hau

STATEMENT BY DIRECTORS

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

We, Lim Ted Hing and Quek Siew Hau, being two of the directors of Tekala Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 85 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 33 on page 86 to the financial statements has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 July 2016.

Lim Ted Hing

Quek Siew Hau

STATUTORY DECLARATION

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

I, Lim Ted Hing, being the director primarily responsible for the financial management of Tekala Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 86 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Lim Ted Hing
at Sandakan in the State of Sabah
on 12 July 2016

Lim Ted Hing

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Tekala Corporation Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Tekala Corporation Berhad, which comprise statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 85.

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 the 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 at 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

INDEPENDENT AUDITORS' REPORT

to the members of Tekala Corporation Berhad (Incorporated in Malaysia) (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("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.

Ernst & Young
AF: 0039
Chartered Accountants

Chong Tse Heng
3179/05/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 July 2016

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	4	33,546,193	53,254,913	-	-
Cost of sales	5	(38,748,037)	(58,203,343)	-	-
Gross loss		(5,201,844)	(4,948,430)	-	-
Other items of income					
Interest income	6	1,231,256	1,361,038	-	-
Dividend income	7	54,773	74,569	-	-
Other income	8	259,939	279,787	-	-
Other items of expense					
Distribution costs		(217,336)	(432,127)	-	-
Administrative expenses		(8,368,180)	(8,469,081)	(489,915)	(491,726)
Other expenses		(3,944,161)	(754,182)	(3,362,106)	(32,405,152)
Loss before tax	9	(16,185,553)	(12,888,426)	(3,852,021)	(32,896,878)
Income tax expense	12	-	-	-	-
Loss net of tax attributable to owners of the Company		(16,185,553)	(12,888,426)	(3,852,021)	(32,896,878)
Total comprehensive loss attributable to owners of the Company		(16,185,553)	(12,888,426)	(3,852,021)	(32,896,878)
Loss per share attributable to owners of the Company (sen per share):					
Basic/diluted	13	(11.56)	(9.21)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Property, plant and equipment	14	20,073,444	21,525,428
Other investments	16	114,501	114,501
		20,187,945	21,639,929
Current assets			
Other investments	16	26,656	1,550,773
Inventories	17	9,453,684	13,382,710
Trade and other receivables	18	612,328	555,154
Prepayments		427,007	400,054
Cash and bank balances	19	37,065,435	43,527,505
		47,585,110	59,416,196
Total assets		67,773,055	81,056,125
Equity and liabilities			
Current liability			
Trade and other payables	20	4,905,724	2,003,241
Net current assets		42,679,386	57,412,955
Non-current liability			
Deferred tax liability	21	498,595	498,595
Total liabilities		5,404,319	2,501,836
Net assets		62,368,736	78,554,289
Equity attributable to owners of the Company			
Share capital	22	152,983,300	152,983,300
Share premium	22	16,548,724	16,548,724
Treasury shares	22	(9,386,487)	(9,386,487)
Accumulated losses		(99,071,581)	(82,886,028)
Other reserve	23	1,294,780	1,294,780
Total equity		62,368,736	78,554,289
Total equity and liabilities		67,773,055	81,056,125

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Investments in subsidiaries	15	29,071,678	29,071,678
Other receivables	18	72,727,322	74,957,347
		101,799,000	104,029,025
Current assets			
Trade and other receivables	18	6,500	6,500
Prepayments		15,900	-
Cash and bank balances	19	56,192	21,919
		78,592	28,419
Total assets		101,877,592	104,057,444
Equity and liabilities			
Current liabilities			
Trade and other payables	20	1,812,179	140,010
Net current liabilities		(1,733,587)	(111,591)
Net assets		100,065,413	103,917,434
Equity attributable to owners of the Company			
Share capital	22	152,983,300	152,983,300
Share premium	22	16,548,724	16,548,724
Treasury shares	22	(9,386,487)	(9,386,487)
Accumulated losses		(60,080,124)	(56,228,103)
Total equity		100,065,413	103,917,434
Total equity and liabilities		101,877,592	104,057,444

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Attributable to owners of the Company					
		Non-distributable				
	Equity total RM	Share capital RM	Share premium RM	Treasury shares RM	Other reserve RM	Accumulated losses RM
Group						
2016						
Opening balance at 1 April 2015	78,554,289	152,983,300	16,548,724	(9,386,487)	1,294,780	(82,886,028)
Loss for the year	(16,185,553)	-	-	-	-	(16,185,553)
Closing balance at 31 March 2016	62,368,736	152,983,300	16,548,724	(9,386,487)	1,294,780	(99,071,581)
2015						
Opening balance at 1 April 2014	91,442,715	152,983,300	16,548,724	(9,386,487)	1,294,780	(69,997,602)
Loss for the year	(12,888,426)	-	-	-	-	(12,888,426)
Closing balance at 31 March 2015	78,554,289	152,983,300	16,548,724	(9,386,487)	1,294,780	(82,886,028)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2016 (cont'd)

		Attributable to owners of the Company			
		Non-distributable			
2016	Equity, total RM	Share capital RM	Share premium RM	Treasury shares RM	Accumulated losses RM
Company					
Opening balance at 1 April 2015	103,917,434	152,983,300	16,548,724	(9,386,487)	(56,228,103)
Total comprehensive loss	(3,852,021)	-	-	-	(3,852,021)
Closing balance at 31 March 2016	100,065,413	152,983,300	16,548,724	(9,386,487)	(60,080,124)
2015					
Opening balance at 1 April 2014	136,814,312	152,983,300	16,548,724	(9,386,487)	(23,331,225)
Total comprehensive loss	(32,896,878)	-	-	-	(32,896,878)
Closing balance at 31 March 2015	103,917,434	152,983,300	16,548,724	(9,386,487)	(56,228,103)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For the financial year ended 31 March 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Operating activities					
Loss before tax		(16,185,553)	(12,888,426)	(3,852,021)	(32,896,878)
Adjustments for:					
Depreciation of property, plant and equipment	14	1,484,016	1,923,702	-	-
Dividend income		(54,773)	(74,569)	-	-
Equipment written off	9	3,257	2,279	-	-
Gain on disposal of plant and equipment	8	(1,507)	-	-	-
Gain on disposal of short-term investment	8	(21,110)	(7,613)	-	-
Impairment loss on amounts due from subsidiaries	9	-	-	-	3,796,331
Interest income	6	(1,231,256)	(1,361,038)	-	-
Net unrealised foreign exchange gain	8	(94,615)	(40,376)	-	-
Impairment loss on other receivables		98,873	-	-	-
Impairment losses in					
- investment in a subsidiary		-	-	-	28,154,252
- investment securities		-	10,499	-	-
Write-down of inventories	9	204,240	1,871,262	-	-
Total adjustments		387,125	2,324,146	-	31,950,583
Operating cash flows before changes in working capital		(15,798,428)	(10,564,280)	(3,852,021)	(946,295)
Changes in working capital					
Decrease in inventories		3,724,786	4,909,774	-	-
(Increase)/decrease in receivables		(75,388)	3,189,555	(15,900)	15,000
Increase/(decrease) in payables		2,902,483	(3,159,497)	1,672,169	(1,995)
Total changes in working capital		6,551,881	4,939,832	1,656,269	13,005
Cash flows used in operations and operating activities		(9,246,547)	(5,624,448)	(2,195,752)	(933,290)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 March 2016 (cont'd)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Investing activities					
Disposal of investment money market fund		1,545,227	4,617,818	-	-
Dividend received		54,773	74,569	-	-
Interest received		1,218,257	1,296,334	-	-
Purchase of property, plant and equipment	14	(35,289)	(34,047)	-	-
Proceeds from disposal of property, plant and equipment		1,509	-	-	-
Net cash flows from investing activities		2,784,477	5,954,674	-	-
Financing activities					
Proceeds from borrowings		3,629,203	7,112,804	-	-
Repayment of borrowings		(3,629,203)	(10,731,383)	-	-
Net changes in balances with subsidiaries		-	-	2,230,025	911,189
Net cash flows (used in)/from financing activities		-	(3,618,579)	2,230,025	911,189
Net (decrease)/increase in cash and cash equivalents		(6,462,070)	(3,288,353)	34,273	(22,101)
Cash and cash equivalents at beginning of year		43,527,505	46,815,858	21,919	44,020
Cash and cash equivalents at end of year	19	37,065,435	43,527,505	56,192	21,919

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place at which business is carried out is located at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are timber processing and investment holding. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2015, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 April 2015:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014

The adoption of the above new and amended MFRSs and IC Interpretation did not have any effect on the financial performance or position and policy of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

2. **Summary of significant accounting policies (continued)**

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendment to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018
MFRS 16: Leases	1 January 2019

The nature and impact of these standards are as follows:

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

MFRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

MFRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119: Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

MFRS 134: Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

2. **Summary of significant accounting policies (continued)**

2.3 **Standards issued but not yet effective (continued)**

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements as the Group and Company do not have biological assets.

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

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments are not expected to have any impact to the Group as the Group does not have any interest in joint operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

MFRS 14: Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to MFRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements except for the additional disclosures required by the amendments.

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments also clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The Group plans to adopt amendments on the required effective date.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

2. **Summary of significant accounting policies (continued)**

2.3 Standards issued but not yet effective (continued)

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 16: Leases

MFRS 16 will supersede the current lease guidance including MFRS 117 Leases and its related interpretations when it become effective.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. MFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e., the lease liability) with a corresponding asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. Early application is permitted, but not before an entity applies MFRS 15.

The Company is in the process of making assessment of the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

2. **Summary of significant accounting policies (continued)**

2.4 **Basis of consolidation (continued)**

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

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

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

2. **Summary of significant accounting policies (continued)**

2.4 Basis of consolidation (continued)

Business combinations (continued)

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. However, the Group has no goodwill as at the reporting date.

2.5 Subsidiaries

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

2.6 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiariesand are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land are depreciated over their remaining leases which range from 61 years to 908 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	Years
Buildings	20
Plant, machinery and heavy equipment	5 - 10
Motor vehicles	5
Furniture, fittings and equipment	5 - 10

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.9 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.10 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

2. **Summary of significant accounting policies (continued)**

2.10 **Financial instruments – initial recognition and subsequent measurement (continued)**

(a) **Financial assets (continued)**

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale (AFS) financial investments

Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

AFS financial instruments whose fair value cannot be reliably measured are measured at cost less any impairment.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

2. **Summary of significant accounting policies (continued)**

2.10 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.10 Financial instruments – initial recognition and subsequent measurement (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.10 Financial instruments – initial recognition and subsequent measurement (continued)

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

2. Summary of significant accounting policies (continued)

2.10 Financial instruments – initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

Derecognition

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

(d) Offsetting of financial instruments

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

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 Inventories

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

Cost of raw materials includes the purchase price of inventories acquired and other attributable costs in bringing the inventories to their present location and condition.

Cost of production supplies (spare parts and consumables) is computed using the weighted average method.

Cost of work-in-progress and finished goods for wood products are computed using the weighted average method. Cost includes direct materials, direct labour, direct overheads and variable production overheads.

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

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.15 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable:

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers. 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) Dividend income

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

2.17 Income taxes

a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (continued)

2.17 Income taxes (continued)

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

2. Summary of significant accounting policies (continued)

2.17 Income taxes (continued)

c) Malaysian Goods and Services tax ("GST") (continued)

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

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.18 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.19 Share capital and share issuance expenses

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

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

2.20 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3. Significant accounting judgements and estimates

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

3. Significant accounting judgements and estimates (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years. These are common life expectancies applied in the timber industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 14.

b) Assessment of net realisable value for inventories

Inventory is stated at the lower of cost and net realisable value (NRV). NRV for finished goods and work-in-progress are assessed with reference to existing prices at the reporting date less the estimated direct cost necessary to make the sale, which represent the management's best estimation of the value recoverable through sale. The carrying amount of the Group's inventories at the reporting date is disclosed in Note 17.

c) Impairment of trade and other receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 18.

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

d) Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value in use of the cash-generating units ("CGU") to which the property, plant and equipment were allocated. Where an indication of impairment exists, recoverable amount is assessed based on the higher of an asset's fair value less costs to sell or the estimated value in use of the property, plant and equipment. The carrying amounts of property, plant and equipment of the Group as at 31 March 2016 were RM20,073,444 (2015: RM21,525,428).

4. Revenue

This represents revenue from timber processing.

5. Cost of sales

This represents cost of inventories sold.

Depreciation of property, plant and equipment included in cost of sales amounting to RM1,032,167 (2015: RM1,364,297).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

6. Interest income

	Group	
	2016 RM	2015 RM
Interest income on short-term deposits	1,231,256	1,361,038

7. Dividend income

This represents dividend income from short-term investment.

8. Other income

	Group	
	2016 RM	2015 RM
Gain on disposal of plant and equipment	1,507	-
Gain on disposal of short-term investment	21,110	7,613
Miscellaneous income	136,707	136,427
Realised gain in foreign exchange	-	89,371
Rental income	6,000	6,000
Unrealised gain on foreign exchange	94,615	40,376
	259,939	279,787

9. Loss before tax

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration:				
- statutory audits	78,200	73,400	30,000	28,000
- other services	391,200	14,050	377,800	1,800
- under provision in prior year	4,800	-	2,000	-
Depreciation of property, plant and equipment (Note 14)	1,484,016	1,923,702	-	-
Employee benefits expense (Note 10)	11,774,996	14,361,982	50,000	50,000
Equipment written off	3,257	2,279	-	-
Non-executive directors' remuneration (Note 11)	888,333	858,957	242,583	233,457
Rental of premises	171,000	171,000	-	-
Impairment loss on amounts due from subsidiaries	-	-	-	3,796,331

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

9. Loss before tax (continued)

The following amounts have been included in arriving at loss before tax: (continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Realised losses on foreign exchange	187,114	-	-	-
Impairment losses in				
- investment in a subsidiary	-	-	-	28,154,252
- investment securities	-	10,499	-	-
Write-down of inventories	204,240	1,871,262	-	-
Impairment loss on other receivables (Note 18)	98,873	-	-	-

10. Employee benefits expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages and allowances	10,464,935	13,045,661	50,000	50,000
Social security contributions	53,410	64,750	-	-
Contributions to defined contribution plan	891,546	948,995	-	-
Benefits-in-kind	365,105	302,576	-	-
	11,774,996	14,361,982	50,000	50,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,864,115 (2015: RM2,856,997) and RM50,000 (2015: RM50,000) respectively as further disclosed in Note 11.

11. Directors' remuneration

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive directors of the Company:				
- Salaries and bonus	2,510,250	2,422,500	-	-
- Fees	50,000	50,000	50,000	50,000
- Defined contribution plan	301,814	291,257	-	-
- Social security contribution	2,051	1,240	-	-
	2,864,115	2,764,997	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

11. Directors' remuneration (continued)

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows: (continued)

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Executive directors of subsidiaries:				
- Salaries and bonus	-	92,000	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 10)	2,864,115	2,856,997	50,000	50,000
Benefits-in-kind	172,212	132,004	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,036,327	2,989,001	50,000	50,000
Non-Executive:				
- Fees	40,000	40,000	40,000	40,000
- Salaries and bonus	824,400	796,050	178,650	170,550
- Defined contribution plan	22,428	21,402	22,428	21,402
- Social security contributions	1,505	1,505	1,505	1,505
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 9)	888,333	858,957	242,583	233,457
Benefits-in-kind	51,387	48,178	-	-
Total non-executive directors' remuneration	939,720	907,135	242,583	233,457
Total directors' remuneration	3,976,047	3,896,136	292,583	283,457

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors 2016	Number of directors 2015
Executive directors:		
RM200,001-250,000	1	1
RM450,001-500,000	1	1
RM500,001-550,000	-	1
RM550,001-600,000	1	-
RM750,001-800,000	-	1
RM850,001-900,000	1	1
RM900,001-950,000	1	-

11. Directors' remuneration (continued)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below: (continued)

	Number of directors	
	2016	2015
Non-Executive directors:		
RM50,001-100,000	2	3
RM100,001-150,000	1	-
RM650,001-700,000	-	1
RM700,001-750,000	1	-

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2016 and 2015 are:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	-	-	-	-
Income tax expense recognised in profit or loss	-	-	-	-

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2016 and 2015 are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Accounting loss before tax	(16,185,553)	(12,888,426)	(3,852,021)	(32,896,878)
Tax expense at Malaysian statutory tax rate of 24% (2015: 25%)	(3,884,533)	(3,222,106)	(924,485)	(8,224,220)
Expenses not deductible for tax purposes	1,928,442	407,484	924,485	8,224,220
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,956,091	2,814,622	-	-
Income tax expense recognised in profit or loss	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

13. Loss per share

Basic/diluted

Basic/diluted loss per share amount is calculated by dividing the loss for the year, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 March 2016 and 2015:

	Group	
	2016	**2015**
Loss net of tax attributable to owners of the Company (RM)	(16,185,553)	(12,888,426)
Weighted average number of ordinary shares in issue	139,975,300	139,975,300
Basic/diluted loss per share for the year (sen)	(11.56)	(9.21)

The Company has no potential ordinary shares in issue as at end of the financial years and therefore, basic and diluted loss per share are the same.

14. Property, plant and equipment

	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Group						
Cost						
At 1 April 2014	19,811,249	23,643,594	64,706,271	2,795,303	1,429,987	112,386,404
Additions	-	-	8,020	-	26,027	34,047
Written off	-	-	(4,063,711)	-	(32,999)	(4,096,710)
At 31 March 2015 and 1 April 2015	19,811,249	23,643,594	60,650,580	2,795,303	1,423,015	108,323,741
Additions	-	-	3,740	10,400	21,149	35,289
Written off	-	-	-	-	(10,220)	(10,220)
Disposal	-	-	-	(8,150)	-	(8,150)
At 31 March 2016	19,811,249	23,643,594	60,654,320	2,797,553	1,433,944	108,340,660

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

14. Property, plant and equipment (continued)

	Long leasehold land RM	Buildings RM	Plant, machinery and heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Group						
Accumulated depreciation and impairment loss						
At 1 April 2014	1,778,799	21,596,288	62,019,374	2,327,607	1,246,974	88,969,042
Depreciation charge for the year	222,350	553,746	861,723	180,124	105,759	1,923,702
Written off	-	-	(4,063,590)	-	(30,841)	(4,094,431)
At 31 March 2015 and 1 April 2015	2,001,149	22,150,034	58,817,507	2,507,731	1,321,892	86,798,313
Depreciation charge for the year	222,350	513,086	626,562	89,548	32,470	1,484,016
Written off	-	-	-	-	(6,963)	(6,963)
Disposal	-	-	-	(8,150)	-	(8,150)
At 31 March 2016	2,223,499	22,663,120	59,444,069	2,589,129	1,347,399	88,267,216
Net carrying amount						
At 31 March 2015	17,810,100	1,493,560	1,833,073	287,572	101,123	21,525,428
At 31 March 2016	17,587,750	980,474	1,210,251	208,424	86,545	20,073,444

15. Investments in subsidiaries

	Company 2016 RM	2015 RM
Unquoted shares, at cost	85,054,749	85,054,749
Less: Accumulated impairment losses	(55,983,071)	(55,983,071)
	29,071,678	29,071,678

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

15. Investments in subsidiaries (continued)

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Principal Activities	Proportion (%) of ownership interest 2016	2015
Syarikat Tekala Sdn. Bhd.	Provision of corporate services	100	100
Kalabakan Plywood Sdn. Bhd.	Timber processing	100	100
Marimba Sendirian Berhad	Investment holding	100	100
Gerak Armada Sdn. Bhd.	Investment holding	100	100
Subsidiaries of Kalabakan Plywood Sdn. Bhd.			
Kalabakan Wood Products Sdn. Bhd.	Provision of storage services	100	100
Korsa Plywood Sdn. Bhd.	Downstream timber processing (Not yet commenced operation)	100	100
Subsidiaries of Marimba Sendirian Berhad			
Hartawan Ekuiti Sdn. Bhd.	Ceased operation	100	100
Subsidiary of Gerak Armada Sdn. Bhd.			
Offshore Constructor (Labuan) Ltd.	Ceased operation	100	100

All the subsidiaries of the Company are audited by Ernst & Young, Malaysia.

Subsequent to the reporting date on 11 July 2016, Kalabakan Plywood Sdn. Bhd. ceased its timber processing operation as further disclosed in Note 31.

16. Other investments

	Group 2016 RM	2015 RM
Non-Current		
Available for sale at cost:		
Unquoted investment	114,501	114,501
Current		
Available for sale at fair value:		
Wholesale money market fund	26,656	1,550,773

Investment in wholesale money market fund represents investment in an unit trust fund that invests in fixed deposits with tenures of less than one year with financial institutions and/or money market instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

17. Inventories

	Group	
	2016 RM	2015 RM
Cost		
Production supplies	1,938,865	2,071,537
Raw materials	1,428,539	2,221,181
Stock-in-transit	672,717	-
	4,040,121	4,292,718
Net realisable value		
Finished goods	2,990,205	4,566,330
Work-in-progress	2,423,358	4,523,662
	5,413,563	9,089,992
	9,453,684	13,382,710

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM23,551,539 (2015: RM37,443,791).

18. Trade and other receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current				
Trade receivables				
Third parties	5,457,529	5,457,529	-	-
Less: Allowance for impairment Third parties	(5,457,529)	(5,457,529)	-	-
	-	-	-	-
Other receivables				
Deposits for log supplies	98,873	325,283	-	-
Deposits	74,825	79,735	6,500	6,500
Sundry receivables	537,503	150,136	-	-
	711,201	555,154	6,500	6,500
Less: Allowance for impairment Third parties	(98,873)	-	-	-
	612,328	555,154	6,500	6,500

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

18. Trade and other receivables (continued)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-current				
Other receivables				
Amounts due from subsidiaries	-	-	132,186,383	134,416,408
Less: Accumulated impairment losses	-	-	(59,459,061)	(59,459,061)
	-	-	72,727,322	74,957,347
Total trade and other receivables	612,328	555,154	72,733,822	74,963,847
Add: Cash and bank balances (Note 19)	37,065,435	43,527,505	56,192	21,919
Total loans and receivables	37,677,763	44,082,659	72,790,014	74,985,766

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day to 60 day (2015: 30 to 60 day) terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016 RM	2015 RM
Impaired	5,457,529	5,457,529

Receivables that are impaired

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

	Group	
	Individually impaired	
	2016 RM	2015 RM
Trade receivables-nominal amounts	5,457,529	5,457,529
Less: Allowance for impairment	(5,457,529)	(5,457,529)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired (continued)

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016 RM	2015 RM
At beginning and end of year	5,457,529	5,457,529

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not recoverable.

(b) Amount due from subsidiaries

Amount due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and to be settled in cash.

(c) Deposits for log supplies

Deposits for log supplies represent advances paid to log suppliers for logs to be purchased.

(d) Sundry receivables

These amounts are non-interest bearing and due within the next 12 months.

19. Cash and bank balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash on hand and at banks	1,465,435	2,027,505	56,192	21,919
Short-term deposits with licensed banks	35,600,000	41,500,000	-	-
Cash and cash equivalents	37,065,435	43,527,505	56,192	21,919

Short-term deposits are made for varying periods of between three days and one month depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The interest rates of deposits of the Group for the financial year ranged from 3.00% to 3.50% (2015: 2.00% to 3.40%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

20. Trade and other payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	1,963,250	684,461	-	-
Other payables				
Accruals	546,050	573,379	123,634	118,000
Other payables	2,396,424	745,401	1,688,545	22,010
	2,942,474	1,318,780	1,812,179	140,010
Total trade and other payables, representing total financial liabilities carried at amortised cost	4,905,724	2,003,241	1,812,179	140,010

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within the trade credit terms granted to the Group ranging from 30 days to 90 days (2015: 30 days to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of four months.

21. Deferred tax

	As at 1 April 2014 RM	Recognised in profit or loss RM	As at 31 March 2015 RM	Recognised in profit or loss RM	As at 31 March 2016 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	575,812	(18,227)	557,585	10,035	567,620
Deferred tax assets:					
Unabsorbed capital allowances	(77,217)	18,227	(58,990)	(10,035)	(69,025)
	498,595	-	498,595	-	498,595

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

21. Deferred tax (continued)

Unrecognised deferred tax assets

Due to uncertainty of recoverability, deferred tax assets have not been recognised in respect of the following items which are available for offset against future taxable profits of the respective subsidiaries in which those items arose:

	Group	
	2016 RM	2015 RM
Unutilised tax losses	48,621,309	41,680,601
Unabsorbed capital allowances	8,320,805	7,611,664
Property, plant and equipment	4,458,255	3,957,725
	61,400,369	53,249,990

The unutilised tax losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

22. Share capital, share premium and treasury shares

	Number of ordinary shares of RM1 each		← Amount →			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 April 2014 and 31 March 2015, 1 April 2015 and 31 March 2016	152,983,300	(13,008,000)	152,983,300	16,548,724	169,532,024	(9,386,487)

	Number of ordinary shares of RM1 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised share capital				
At beginning and end of year	500,000,000	500,000,000	500,000,000	500,000,000

(a) Share capital

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

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance, where applicable.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

23. Other reserve

	Group	
	2016 RM	2015 RM
At beginning and end of year	1,294,780	1,294,780

The Company acquired the non-controlling interests in its subsidiary, Offshore Constructor (Labuan) Ltd in financial year ended 31 March 2012. Other reserve represents the difference between the adjusted carrying amount of the non-controlling interests and the fair value of the consideration paid.

24. Employees' share option scheme (ESOS)

The Company's ESOS for eligible directors and employees of the Company and its subsidiary companies was approved by the shareholders at the Extraordinary General Meeting held on 28 September 2011. The ESOS became effective on 14 February 2012 when the last of the requisite approvals was obtained and is valid for a period of five (5) years expiring on 13 February 2017.

The Company has yet to grant options under the ESOS to eligible directors and employees of the Company and its subsidiary companies at the reporting date.

25. Related party transactions

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties at terms agreed between the parties during the financial year:

	2016 RM	2015 RM
Group		
Transactions with companies in which certain directors of the Company are also directors:		
Power backup services from - Wah Mie Realty Sdn. Bhd.	24,000	24,000
Rent of premises from		
- Syarikat Kretam Sdn. Bhd.	36,000	36,000
- Wah Mie Realty Sdn. Bhd.	135,000	135,000

(b) Compensation of key management personnel

The remuneration of directors and other member of key management during the financial year were as follows:

	2016 RM	2015 RM
Group		
Short-term employee benefits	3,112,869	3,074,717
Defined contribution plan	346,166	335,609
	3,459,035	3,410,326

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

26. Fair value of financial instruments

The management assessed that cash and short-term deposits, trade and other payables (current), current trade and other receivables except for deposits paid to logs suppliers and other assets approximate their carrying amounts mainly due to their short-term nature or repayment on demand term.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

27. Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the executive committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken.

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

a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

27. Financial risk management objectives and policies (continued)

b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements. At the reporting date, the Group did not have any borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year	
	2016 RM	**2015 RM**
Group		
Financial liabilities:		
Trade and other payables	4,905,724	2,003,241
Total undiscounted financial liabilities	4,905,724	2,003,241
Company		
Financial liabilities:		
Other payables	1,812,179	140,010
Total undiscounted financial liabilities	1,812,179	140,010

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The investment in financial assets are mainly short-term in nature and have been mostly placed as short-term deposits with licensed banks.

d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currency of the Group entities. The foreign currency in which these transactions are denominated is mainly United States Dollars.

100% (2015: 100%) of the Group's sales are denominated in foreign currencies. The Group has no (2015:nil) foreign currency exposures arising from receivable balances at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

27. Financial risk management objectives and policies (continued)

d) Foreign currency risk (continued)

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amount to RM147,131 (2015: RM322,115) for the Group.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease) in Loss Net of Tax	
	Group	
	2016 RM	2015 RM
USD/RM		
- strengthened 3% (2015: 3%)	(4,414)	(9,663)
- weakened 3% (2015: 3%)	4,414	9,663

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The calculations of the Group's and Company's gearing ratios are as follows:

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Trade and other payables	20	4,905,724	2,003,241	1,812,179	140,010
Less: Cash and bank balances	19	(37,065,435)	(43,527,505)	(56,192)	(21,919)
Net debt		N/A	N/A	1,755,987	118,091
Equity attributable to the owners of the Company		62,368,736	78,554,289	100,065,413	103,917,434
Total capital		62,368,736	78,554,289	100,065,413	103,917,434
Capital and net debt		62,368,736	78,554,289	101,821,400	104,035,525
Gearing ratio		N/A	N/A	1.72%	0.11%

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

29. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has three (2015: three) reportable operating segments as follows:

I. The timber processing segment is involved in the manufacture and sale of plywood.
II. The investment holding segment is involved in business investments.
III. "Others" represents the provision of corporate services.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29. **Segmental information (continued)**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

Business Segments

	Timber processing RM	Investment holding RM	Others RM	Adjustments/ Elimination RM	Notes	Consolidated RM
31 March 2016						
Revenue:						
External customers	33,546,193	-	-	-		33,546,193
Inter-segment	-	-	1,080,000	(1,080,000)	A	-
Total revenue	33,546,193	-	1,080,000	(1,080,000)		33,546,193
Results:						
Interest income	683,008	-	548,248	-		1,231,256
Depreciation	1,477,186	-	13,509	(6,679)		1,484,016
Other non-cash expenses	(87,256)	-	(7,359)	-	B	(94,615)
Segment loss	(11,975,631)	(4,042,551)	(534,917)	367,546	C	(16,185,553)
Assets:						
Additions to non-current assets	17,317	-	17,972	-	D	35,289
Segment assets	50,255,377	117,099	17,393,900	6,679	E	67,773,055
Segment liabilities	2,671,357	1,816,180	418,187	498,595	F	5,404,319

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

29. Segmental information (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment. (continued)

Business Segments

	Timber processing RM	Investment holding RM	Others RM	Adjustments/ Elimination RM	Notes	Consolidated RM
31 March 2015						
Revenue:						
External customers	53,254,913	-	-	-		53,254,913
Inter-segment	-	-	1,080,000	(1,080,000)	A	-
Total revenue	53,254,913	-	1,080,000	(1,080,000)		53,254,913
Results:						
Interest income	784,876	-	576,162	-		1,361,038
Depreciation	1,849,040	-	83,151	(8,489)		1,923,702
Impairment losses on:						
- investment in a subsidiary	-	(28,154,252)	-	28,154,252		-
- amount due from subsidiaries	-	(3,796,331)	-	3,796,331		-
Other non-cash expenses	-	-	(40,376)	-	B	(40,376)
Segment loss	(11,578,271)	(32,903,503)	(365,724)	31,959,072	C	(12,888,426)
Assets:						
Additions to non-current assets	25,016	-	9,031	-	D	34,047
Segment assets	62,873,914	146,588	18,035,623	-	E	81,056,125
Segment liabilities	1,414,319	144,010	444,912	498,595	F	2,501,836

29. Segmental information (continued)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2016 RM	2015 RM
Net unrealised foreign exchange gain	(94,615)	(40,376)

C The following items are deducted from to segment loss to arrive at "Loss before tax" presented in the statements of comprehensive income:

	2016 RM	2015 RM
Inter-segment transactions	(367,546)	(31,959,072)

D Additions to non-current assets consist of:

Property, plant and equipment	35,289	34,047

E The following item is added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Deferred tax liabilities	498,595	498,595

Geographical information

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

	Revenue		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	-	-	20,187,945	21,639,929
North Asia	33,546,193	53,254,913	-	-
	33,546,193	53,254,913	20,187,945	21,639,929

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

29. Segmental information (continued)

Geographical information (continued)

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

	2016 RM	2015 RM
Property, plant and equipment	20,073,444	21,525,428
Other investment	114,501	114,501
	20,187,945	21,639,929

Information about major customers

Revenue from two (2015: two) major customers amount to RM21,274,987 (64% of revenue) and RM11,001,132 (33% of revenue) respectively (2015: RM13,314,528 (25% of revenue) and RM36,813,404 (69% of revenue)) arising from sale of plywood by the timber processing segment.

30. Significant event

On 3 December 2015, the Company, WMG Holdings Sdn. Bhd. ('WMG") and Syarikat Kretam (Far East) Holdings Sdn. Bhd. ("SKHSB"), have entered into the following agreements to facilitate the proposed reverse take-over of the Company by WMG, which shall involve the proposed acquisition from SKFEH by WMG, the equity interest in Ritai Sdn. Bhd., Cosmopolitan Company Sdn. Berhad, Syarikat Far East Development Sdn. Bhd., Velda Development Sdn. Bhd. and Wah Mie Realty Sdn. Bhd. (collectively, the "target companies"), for a total purchase consideration of RM513,000,000 to be satisfied by the issuance of ordinary shares, redeemable convertible preference shares and irredeemable convertible preference shares in WMG:

(i) a conditional share sale agreement of 1,000,000 ordinary shares of RM1 each, representing the entire equity interest in Ritai Sdn. Bhd. for a purchase consideration of RM489,400,000;

(ii) a conditional share sale agreement of 2,404,250 ordinary shares of RM1 each, representing the entire equity interest in Cosmopolitan Company Sdn. Berhad for a purchase consideration of RM3,300,000;

(iii) a conditional share sale agreement of 160,000 ordinary shares of RM1 each, representing the remaining 32% equity interest in Syarikat Far East Development Sdn. Bhd. which is not held by Ritai Sdn. Bhd., for a purchase consideration of RM500,000;

(iv) a conditional share sale agreement of 1,000,000 ordinary shares of RM1 each, representing the remaining 10% equity interest in Velda Development Sdn. Bhd. which is not held by Ritai Sdn. Bhd., for a purchase consideration of RM2,200,000;

(v) a conditional share sale agreement of 1,000,000 ordinary shares of RM1 each, representing the remaining 4% equity interest in Wah Mie Realty Sdn. Bhd. which is not held by Ritai Sdn. Bhd., for a purchase consideration of RM17,600,000;

(vi) a scheme agreement for the implementation of the following proposals in conjunction with the Proposed Acquisition:

    (a) proposed share exchange of the existing entire issued and paid-up share capital of the Company comprising 139,975,300 ordinary shares of RM1 each (excluding 13,008,000 treasury shares), on the basis of 133 new ordinary shares at RM0.10 each in WMG at an issue price of RM0.50 per share for every 100 existing shares in the Company, held at an entitlement date to be determined at later date; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016 (cont'd)

30. Significant event (continued)

(vi) a scheme agreement for the implementation of the following proposals in conjunction with the Proposed Acquisition: (continued)

(b) proposed transfer of the listing status of the Company to WMG, via a scheme of arrangement pursuant to Section 176 of the Companies Act 1965 in Malaysia.

As of the date of this report, the proposed corporate exercise has not been completed.

31. Subsequent event

On 5 May 2016, the Group via its wholly owned subsidiary, Kalabakan Plywood Sdn. Bhd. ("KPSB"), undertook a retrenchment exercise as part of its intention to cease the timber processing operation upon completing the sales orders on hand. The timber processing operation was subsequently ceased on 11 July 2016, rendering an announcement by the Company to Bursa Malaysia Securities Berhad that it has triggered the criteria of inadequate level of operations under Paragraph 8.03A(2) of the Listing Requirements. As an affected issuer, the Company also announced the status of the proposed corporate exercise (as described in Note 30 – Significant event) as part of its regularisation plan.

32. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 12 July 2016.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016 (cont'd)

33. Supplementary information – breakdown of (accumulated losses)/retained earnings into realised and unrealised

The breakdown of the accumulated losses of the Group and of the Company as at 31 March 2016 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries				
- Realised	(40,343,406)	(23,971,899)	27,533,189	31,385,210
- Unrealised	94,615	40,376	(87,613,313)	(87,613,313)
	(40,248,791)	(23,931,523)	(60,080,124)	(56,228,103)
Total share of loss from associate				
- Realised	(39,296,554)	(39,296,554)	-	-
Less: Consolidation adjustments	(19,526,236)	(19,657,951)	-	-
Accumulated losses as per financial statements	(99,071,581)	(82,886,028)	(60,080,124)	(56,228,103)

PROXY FORM

TEKALA CORPORATION BERHAD
Company No: 357125-D

I/We ____

of ____

being a Member/Members of the Tekala Corporation Berhad, hereby appoint ______________________

of ____

or failing him ____

of ____
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at Grand Ballroom, Hotel Sandakan, 4th Avenue, 90000 Sandakan, Sabah on 30 August 2016 at 11.00 a.m or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.		FOR	AGAINST
1.	To receive Directors' Report and Audited Financial Statements.		
2.	To re-elect the following Directors in accordance with Articles 103 of the Company's Articles of Association:- - Datuk Eric Usip Juin		
3.	- Mr. Seah Sen Onn @ David Seah		
4.	- Mr. Chan Ka Tsung		
5.	To re-appoint Datuk Seri Panglima Quek Chiow Yong who retires in accordance with Section 129 of the Companies Act, 1965.		
6.	To approve Directors' Fees of RM 90,000 for the year ended 31 March 2016.		
7.	To re-appoint Auditors and to authorise the Directors to fix their remuneration.		
8.	To approve the retention of Mr Voon Sui Liong @ Paul Voon as Independent Director.		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this ______ day of __________ 2016

Number of shares held	

____
Signature(s) of Member(s)

Notes:

a) A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.

b) In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.

c) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

d) The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Wisma Tekala, Lot 2, Lorong Indah Jaya 29, Taman Indah Jaya, Jalan Lintas Selatan, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

e) For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd in accordance with Article 99 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 22 August 2016. Only a depositor whose name appears therein shall be entitled to attend this meeting or appoint a proxy to attend and/or vote on his stead.

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Affix
Stamp
Here

The Company Secretaries
TEKALA CORPORATION BERHAD
(Company No. 357125-D)
Wisma Tekala
Lot 2, Lorong Indah Jaya 29
Taman Indah Jaya
Jalan Lintas Selatan
90000 Sandakan, Sabah

Please fold along this line

TEKALA CORPORATION BERHAD (357125-D)
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